









Musée Rodin, Paris

## Rodin and literature

by DENYS SUTTON, Editor of Apollo



Rodin: Bust of W. E. Henley

The character of the summer visitors to the Musée Rodin in the Hôtel Biron, Paris, does not change over the years and one sees young couples holding hands and gazing at the more erotic of Rodin's sculpture in the same way as did their predecessors.

On the other hand, the museum looks brighter than it used to, for one thing it is much cleaner. When some years ago I wrote a book on this artist, attempts to visit the archives or to study in the reserves were simply refused and one student showed enterprise in hiding in the library and searching for material at night. I never went to these lengths but I did hand my little "pot au vin" to a guard at the Musée Rodin at Meudon so I could have a look at the material in the basement. In any event, the museum is presenting an instructive exhibition on Rodin and the writers of his time. The catalogue, which is well printed and illustrated, contains some of the material that I suspected was in the archives. It prints extracts or complete letters and mentions the existence of lengthy correspondence. In any event, the show now permits one side of Rodin's activity to be seen in a way that hitherto has proved impossible.

The relationship between art and literature was a strong one in the 19th century. Many men of letters, especially in France, were friends of artists and wrote about their work, so it is not surprising that Rodin had a considerable literary circle. The "trait d'union" between the two worlds was a writer and the writings of certain authors had a profound influence on him.

As this exhibition is concerned only with 19th century writers, the place is given to the "trait d'union" between the two worlds. The "trait d'union" between the two worlds was a writer and the writings of certain authors had a profound influence on him.

Before him, Delacroix and Carpeaux had found inspiration in Dante, and this writer meant much to the Parisian elite and across the Atlantic, found a champion in C. E. Norton of Harvard.

Rodin and Victor Hugo had

much in common, though the poet was his senior; both were masters of pathos. Rodin had the good fortune to know him and the bust that resulted gives an excellent impression of Hugo's sensibility, and so do the thumbnail sketches which are on view. Unfortunately he had considerable trouble in executing the proposed two monuments, as may be seen from the various sketches that exist.

His famous monument to Balzac occasioned immense controversy but it is one of his most striking and successful achievements, in which the vitality and

intellectual power. Baudelaire's poems fascinated Rodin and he undertook to illustrate an edition of the *Œuvres complètes*. Although his drawings effectively evoke some of the most famous poems, by no means all of them were especially done for the edition and he adapted them from other compositions.

The drawings for the *Fleurs du Mal*, or connected with it, frequently show Rodin's delight in the inherent mannerism of his style; some of his pen sketches have the character of Pontormo's works. They remind us of the eclecticism of Rodin's art and of his wide artistic culture, for he was interested in Far Eastern art as well as Western art.

The changes that took place in Rodin's development are not so easy to chart from his sculpture, although with the years he was more interested in producing small experimental pieces than engaging in large-scale efforts. His developed style is clearly seen in his style as a draughtsman and by the time 1890, that he accepted a commission from Ambroise Vollard to illustrate Octave Mirbeau's *Le Jardin de Supplices* (1902), his handling, as seen in the lithographs and sketches connected with the book, had become much finer. The frankness is akin to that found in the drawings of the Schiele, but the French artist is more refined in his treatment.

The exhibition shows that Rodin made busts of various writers, Mirbeau, Barrès, Barbey d'Aurevilly, Roger Marx, Geoffroy and Clemenceau among them, portraits that provide telling and remarkable insights into their characters. Two busts are of Bernard Shaw and W. E. Henley, the second being a brilliant and vivid appreciation of a complex personality, which was Rodin's friendship. Henley turned to him for comfort after his wife and daughter died, and the draft of the address which Rodin gave at the unveiling of the bust in the crypt of St. Paul's shows the sculptor's warm feeling for him. For Henley, Rodin and Corot were the only artists of supreme value in his time. It is as well to recall that Rodin was much appreciated in England during the years of the Entente Cordiale.

## South Bank Summer Music

by MAX LOPPERT

By the continued popularity of the Summer Music enterprise, just into its ninth season, it measures London's desire for chamber and small-orchestral music at all times of the year. This year Neville Marriner's programmes feature Mendelssohn and Schumann; the celebration of four anniversaries: some favoured young instrumentalists, including pianists Perahia and Obblason, cellist Lynn Harrell, and the Vermeer Quartet; and what promises to be a delectable single evening of vocal quartets. The critic who wants new music even a single commissioned new work, some show of recognition that music is being composed today, is as ever unsatisfied; but the kind of the concert is otherwise undeniably attractive. Sunday's opening concert, given by the Academy of St. Martin's at the Festival Hall, was a large audience.

Mr. Marriner is a popular and in some quarters greatly admired conductor. To these ears his musical direction encourages performances all too often like the musical equivalent of saxophone arrangements—meticulous in detail, careful in composition, essentially lifeless. Opening and closing works of the evening, Mendelssohn's Italian Symphony and the Bartók Music for Strings, Percussion and Celesta—the former rendered without any show of leaping Romanticism, the latter quite devoid of pulsating excitement—drew such performances: admirable in the care taken over string textures, blend and balance, centrally inspired. The orchestra played in the curtained arch fashioned for the Festival Ballet season—diverting to look at, it may have dried out the tone even more than is usual at the Festival Hall.

Happily, vivid soloists were on hand. The sound of the modern pianoforte is so patently absurd as protagonist in the Weber *Konzertstück* and as obligato in Mozart's concert aria "Ch'io mi scordi di te...". That the greatest success is flourish, delivery of rhythmic control is necessary to restore the balance. (Mighty there be, in some future South Bank Summer Music season, a place for performances on faro, piano and early concert grand?) Garrick Obblason, the young American pianist, is not yet the kind of player so dazzling and bewitching in his layout of Weber's delightful textures and gestures, that Romantic sparkle is achieved despite the blank sound of the instrument. But his command of tone is exceptionally pure, his fingerwork unimpaired, his tracing of line clean; and so there was strong if not complete pleasure to be taken in his playing.

About Jessye Norman, soprano in the Mozart, no qualms—indeed almost complete surrender. (That final stage will be reached when Miss Norman's Italian pronunciation is as exact as her tone is rich, radiant and sumptuous.) There was a soft, yielding beauty, and at the same time a composed dignity, in her every utterance, made more affecting by tone phrasing of the lines and by the stylistic niceties that traced the performance. Two blunt endings—well, almost none in the repetition of "Come tentarlo" at the end of the recitative, the second *appagatura* was in place, but, strangely, not the first; and some finely turned cadenza elaborations. Miss Norman had earlier demonstrated the same qualities in an excerpt from Haydn's *La vera costanza*—eloquently patterned recitative and then a dramatically urgent aria to provoke question, once more, about the received ideas of Haydn's operas as essentially undramatic.

## New York theatre

## Guys, Dolls and things

by GEORGE OPPENHEIMER

In the middle of the summer, customarily a time of doldrums in the theatre, has come a smash hit—the revival of *Guys and Dolls* in blackface. When I first heard of the plan to revive one of my all-time favourite musicals with a black cast, I had apprehensions. I was wrong. The show almost measures up to the original book by Abe Burrows and Jo Swerling and the lovely music and lyrics by Frank Loesser.

There are flaws but not too many of them. The scenery is decidedly tacky as compared to the original and Sky Masterson, the inveterate gambler, as played by James Randolph is a trifle stodgy although possessed of a fine voice.

However, Ernestine Jackson not only sings well but is altogether charming as Sister Sarah, whom Sky takes to San Juan, Puerto Rico (it used to be Havana) for lunch on a thousand-dollar bet, and then falls for her. As the sparring lovers, Nathan Detroit and Miss Adelaide, Robert Guillaume and Norma Donaldson are excellent. Miss Donaldson's "Adelaide's Lament" is still a comic masterpiece in which she sings that "a person could catch a cold" from the psychosomatic pressure of having her marriage postponed year after year.

Then there is Nicely-Nicely, right out of Damon Runyon's *Stories on which the musical is based*, played by Ken Page and getting two standing ovations on opening night when he tore down

## National Youth Theatre summer season

The National Youth Theatre opens on August 18 and plays until September 4. It is followed on September 8 by a production of *Confessions of a Priest's Son* at the time just before the First World War.

## Two Chekhov plays in the West End

Jonathan Miller's production of Chekhov's *The Three Sisters* has had its season at the Cambridge Theatre, London, extended into September and will be joined in the West End by Alan Bates in Chekhov's *The Seagull* at the Duke of York's Theatre from August 11 for a limited season.

## Bayreuth Festival

## Der Ring des Nibelungen—I

by RONALD CRICHTON

Pierre Boulez first appeared at Bayreuth two years ago, and has returned for three subsequent Festivals. This year he has been entrusted with the new Ring celebrating the double centenary of the opening of the Festspielhaus and at the first performance, of the complete, four-act work. The choice of a Frenchman is not surprising at a time when internationalism has permeated even a musical centre that had become, to many German eyes at least, a shrine of nationalism. In any case, the effect of Wagner's Ring in the second half of the 19th century was electrifying—not only on musicians, but on writers and artists.

In France, where the word "Ring" has been used since the 1920s, it is sometimes forced to the conclusion that people would rather listen to it than to the music. It is not the music, who made the most noise about Wagner, but the music itself. The Ring has been knocked sideways and related to the potent magic in their various ways (Debussy's bitter hostility being the most revealing testimony of all to Ring's dangerous power), but the priests of the new religion were (in the early years) Barthelemy, Nerval, and Gautier, then Mallarmé, even Valéry, and a profile shot of smaller, etc. What chiefly attracted them was the question of musical dramaturgy—the fact that words and music stamped out from the same brain, an alliance that had appealed to the French literary mind since the early days of opera.

The traffic between Wagner and the French did not flow in one direction only. In his gallery, days in Paris Wagner absorbed the music of the French Regency, and later, conducted it in Germany. Moreover, much of sharper, more tingling, than one his formidable theatrical craft, ever expected to hear coming he owed to the Paris stage, at from the deep Bayreuth pit. One that period far more advanced couldn't but notice a French then German theatre (the sub-keenness in the sound, producing just of French-Wagnerian, cul-the kind of aural exhilaration

time, richly promising and slightly negative. In the last scene of the Ring, the Ring was gleamed with rapturous phrasing and a bubbling, fermenting feel that made up for a certain lack of the peculiar brand of romance, heady yet Germanically cosy, traditionally connected with the sudden love of Siegmund and Sieglinde. In act 2, the treacherous Annunciation was well sustained. Then in act 3, Boulez incomprehensibly threw everything away with an almost petulant, dismissive reading, pulling Wagner's Farewell and the Fire Music along as though he had no time for such sentimental rubbish. And yet earlier in the opera, both on stage and in the orchestra, a probing of the network of relationships—Siegmond/Sieglinde, Wotan/Brinnhilde, Wotan/Siegmond—had been a conspicuous virtue of the performance. Most odd.

The production of the obviously greatly talented, operatically only slightly experienced Patrice Chéreau, though his innovations steal headlines and provoke the audience to demonstrations and counter-demonstrations, can more fairly be left to the end of the cycle, when a wider view should be possible. Meanwhile, some notes about the singers. It may have been unwise to hope that the remarkably high standard of this year's Parsifal and Tristan would be kept up. It has not been so, in spite of several good and one or two outstanding individual performances. Since Bayreuth would hardly foist singers on a musical director of such eminence, one can only suppose that the casting was approved by Boulez, who may therefore be suspected of an indifference, surprising in a conductor so good at choosing singers for contemporary music, to vocal quality in Wagner.

The Wotan in the second cycle is Hans Sotin, new in the role at least at Bayreuth, gifted as we know with a voice of splendour, warm but rock-firm. So far the impression has been at the same

the house with his rendition of "Sit Down You're Rocking the Boat".

Only regret is that Frank Loesser died too soon to see the triumph of his happy musical.

Shakespeare has been taking beating not alone by Papp at his free Shakespearean productions in Central Park but by Michael Kahn up at Stratford-on-Avon and at Stratford-on-Avon, Connecticut Papp's Henry V, which he directed, or rather misdirected, could not hold a candle to the Royal Shakespeare's production of the same play and I was too keen about that. A first-rate actor, Paul Rudd, plays the King in so surly a fashion that I cannot believe the French prince, beautifully acted by Meryl Streep, would have given him the time of day. Blame Papp not Rudd.

In Stratford there were two more lambastings of the Bard, both directed by Michael Kahn. The *Winter's Tale* was lovely to look at but not to hear. It is not one of my favourite Shakespeare plays with its silly promise and sillier motivations and this production only served to increase my dislike. The country scenes, in particular, were not so much pastoral as past belief.

The second Stratford offering was *As You Like It*, a decided improvement on *Winter's Tale*, but nothing to write home about, especially as you reached home (gratefully) after the performance. Alleen Atkins played getting two standing ovations on opening night when he tore down

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Das Rheingold



## WORLD TRADE NEWS

## Hopes of Boeing-Japan deal

BY CHARLES SMITH

JOINT development work on the long delayed Y-X project involving the Boeing Aircraft Company, Aeritalia of Italy and the Japanese aircraft industry has a good chance of going ahead this autumn following successful talks last week between Boeing and the Japanese.

The talks were said to-day by an official of the Ministry of International Trade and Industry to have settled some of the major points at issue over the terms of Japan's participation in the project. A "basic memorandum of understanding" now has to be drawn up before research and design work can actually start.

The Y-X project is for the development of a short to medium-range three-engine aircraft with short take-off and landing capability and 10 per cent less fuel consumption than present-day airliners. The Y-X would use a new engine (possibly either the General Electric SNECMA CFM 56 or the Pratt

and Whitney JT 10 D) and will have a radically different wing design from conventional airliners.

Its development cost is currently estimated in Japan at ¥300bn. (about £560m.) of which 60 per cent would be paid by Boeing and 20 per cent each by Aeritalia and the Japanese industry.

The two main points of disagreement between Japan and Boeing have been the degree of "autonomy" to be enjoyed by the Japanese aircraft industry in developing the Y-X and the amount of a "goodwill payment" which Boeing has been requesting as a prelude to joint development work.

The issues covered under the heading of "autonomy" are whether Japan will have full access to Y-X technology and whether complete aircraft will be built in Japan or alternatively whether the Japanese industry will be confined to an

essentially subcontracting role. It would appear that Boeing has agreed to a fairly high degree of Japanese autonomy under pressure from MITI officials are merely saying that Japan's position on the question has been "respected."

As far as the goodwill payment is concerned, Japanese sources claim that Boeing has scaled down earlier demands, but no precise figures available and final agreement has yet to be reached.

If the Y-X project goes ahead from this autumn as the Japanese hope, it is planned to despatch some 200 Japanese aircraft engineers to Seattle by early next year to collaborate on basic research.

It will also be possible, at long last, for the MITI to start spending money on the project, which has been "frozen" pending an agreement on the goodwill payment. MITI has a budget of ¥2,800m. for the Y-X project during the

TOKYO, August 9.

current year the bulk of which is a carry-over from its 1975 Y-X budget. Three-quarters of the budget is earmarked for expenditure on joint development work, which will not be possible until the "basic memorandum of agreement" has been signed.

The Y-X is expected to come off the production line some time between 1981-82 at the earliest and around 1985 at the latest. Its STOL capacity and low noise levels would make it attractive to two of Japan's domestic airlines, All Nippon Airways and Tokai Domestic Airways, but probably not to Japan Airlines which flies only trunk routes although some of these are inside Japan itself.

The developers also see a market in South-East Asia. The project is of vital importance to the Japanese aircraft industry which has been without a major civil aircraft since the 1960s. The phasing out of the YS-11 turboprop airliner three years ago.

## AMERICAN NEWS

## Kissinger and Bhutto fail to settle nuclear issue

LAHORE, August 9.

U.S. SECRETARY of State Henry Kissinger and Prime Minister Zulfikar Ali Bhutto talked for three hours to-day but failed to agree on Pakistan's plans to buy a French equipment to reprocess used nuclear fuel.

Dr. Kissinger reportedly told Mr. Bhutto that he faces loss of American economic aid and arms sales unless he agrees to safeguards to prevent Pakistan using the reprocessed

materials to build nuclear weapons. The Secretary of State acknowledged at a news conference that the conflict over the reprocessing plant had not been resolved and said that further meetings will be needed.

He said that he "hoped the issue could be settled without confrontation." The issues are complicated, he continued, but "they will be discussed on merit without pressures or blackmail on either side."

U.S. law requires the cut-off of aid to a nation which receives a reprocessing plant without international control because the plutonium produced as a by-product could be used to build nuclear arms. U.S. officials suspect that the Pakistanis want to operate their own reprocessing plant so they can match India's atomic bomb.

Pakistan is scheduled to receive \$150m. in U.S. economic aid this fiscal year and \$280m. next year. A new American official told reporters travelling with Dr. Kissinger that the sale of the Cossair light attack plane which Mr. Bhutto wants to buy would be held up until the U.S. agrees to satisfactory safeguards for the reprocessing plant. AP-DJ

## U.S. warning reflects concern

BY DAVID BUCHAN

WASHINGTON, August 9.

DR. HENRY KISSINGER's warning to Prime Minister Bhutto of Pakistan that Pakistan risks losing American military and economic aid if he goes ahead with the purchase of a nuclear fuel reprocessing plant from France reflects in general the growing American concern with the spread of these plants. But there are also specific grounds for concern here.

Pakistan is not a signatory to the Non-Proliferation Treaty. Mr. Bhutto is a man who was once quoted as saying that Pakistan would get nuclear weapons even if Pakistanis had to "eat grass" to do so, and India, Pakistan's neighbour and long time enemy, has shown how easily safeguards can be skirted.

Simultaneously with Dr. Kissinger's warning to Mr. Bhutto has come an admission from the Secretary of State, in a letter to the Congress released yesterday, that there is a "high probability"

that American "heavy water" was used to produce the nuclear material that India exploded two years ago. This runs counter to the many previous assurances that American material was in no way involved, and it must inevitably heighten concern about Pakistan's intentions. After the Indian explosion, Canada cut off aid to its nuclear programme in India because a Canadian-built reactor was used to produce the plutonium that was exploded.

U.S. officials feel strongly that there is not any economic justification for the French plant in Pakistan. For a start, they say, spent fuel from the country's only existing nuclear plant, a Canadian-built power reactor, is not compatible with the French reprocessing plant, and although Pakistan plans several more reactors, it cannot yet justify an expensive and extensive reprocessing plant. The officials point out that the U.S. March with the Vienna-based

plants in operation and yet is only just beginning construction of a reprocessing plant. Nor is the U.S. happy with the assurances that France is providing. Although France was a party to the secret talks in London last year, held between major nuclear suppliers, the resulting agreement to tighten security on the sales of plants did not apply to any deals already under negotiation, including France's proposed deal with Pakistan.

Rupert Corwall adds from Paris: France still intends to go ahead with the sale of a nuclear power station and reprocessing plant to Pakistan, despite the open threat by the U.S. to suspend military and economic aid to that country should the deal go through. In Paris the Foreign Ministry is taking a calm view of Dr. Kissinger's remarks, arguing that the Pakistan deal, for which a control agreement was signed in March with the Vienna-based

International Atomic Energy Agency, is but the latest series of similar controls but one exacerbated by domestic American political factors.

The essential disagreement between France and the U.S. is not one of method rather the principle. Paris, it is argued, has as little desire as any country to see the uncontrolled spread of nuclear weapons that reprocessing help make available. But the American line on regional, internationally controlled plants is regarded as meaningless but simply unwelcome. France, although it has signed the nuclear Non-Proliferation Treaty, has about 50 nuclear reactors, and is arguing that these provide a deterrent to nuclear war. The U.S., over, does not act as if it accepted in the secret areas beyond nuclear export controls held over the past in London.

## W. German shipbuilders attack Japanese over slump in orders

BY GUY HAWTHIN

FRANKFURT, August 9.

WEST GERMAN shipbuilders, faced with a heavy decline in new orders, have renewed their bitter attack on the Japanese. They accuse Japan's shipbuilders of distorting competition through drastic and uneconomic price-cutting.

A statement from the West German Shipbuilders' Association — the Verband der Deutschen Schiffbauindustrie — states that Japanese yards have been quoting prices that lie between 30 and 40 per cent below West German levels. The results, it says, have been "ruinous competition" in the international market.

Behind the attack lies the disturbing news of a heavy fall in orders for West German shipyards. In the first half of the current year, the yards landed 46 orders for new vessels totalling 132,251 gross registered tonnes (GRT) and worth a total of DM761m. (£167.6m.). This is very much lower than the rate of deliveries in 1975 and indicates that the West German yards could well be even shorter of work than they had previously

forecast. Deliveries in the first six months of 1976 totalled 99 vessels amounting to a total of 853,000 GRT and worth about DM1,937bn. (£426.7m.).

The year's total output is estimated at 208,000 GRT, worth a total of DM5,150m. (£1,126m.). This compares with last year's output of 234m. GRT which was worth DM4,550m. (£991m.).

West German tempers are even further enflamed by evidence that the Japanese have been selling in Germany's own domestic market. Of the first half's 46 new orders some 34—totalling 107,453 GRT and worth DM509m.—came from West German fleets. However, analysts of figures published by the West German Shipbuilders' Association showed that at the same time 43 orders, totalling 187,900 GRT and worth DM510m., had been placed abroad. Of these, 32 orders, worth DM400m., had gone to Japanese yards alone.

The Japanese, say the shipbuilders, had been offering drastically reduced prices in a bid to fill heavily under-utilised

capacity. As a result, the West German yards are suffering from the problems caused by the 24.4 per cent upwards revaluation of the D-mark that had taken place since March 1973 and high West German labour costs—were suffering the effects of severely distorted competition.

The West German shipbuilders believe that Japanese have only themselves to blame for their current overcapacity. They have already pointed out that between 1963 and 1977 Japan's shipbuilding capacity will have increased by 970 per cent, while Western Europe's will have increased by only 270 per cent.

A report produced by the West Germans a few months ago concluded that from 1977 there will be a "heavy fall-off in world demand for ships and that the only way to deal with it is a 30 per cent shrinkage in world shipbuilding capacity. They called for concerted action by the world's shipbuilding nations to deal with the problem, but made it crystal clear that Japan should be called upon to do more than its more orderly competitors.

## Food, drink lead French export rise

By Robert Marthner

PARIS, August 9.

FOOD AND DRINK have been the fastest-growing French exports during the first five months of this year, according to figures which have just been published by the French Foreign Trade Bank.

While total exports have increased by 13 per cent during this period, compared with 23 per cent for imports, those of grain and flour have risen by as much as 53 per cent, and of wine and other drinks by 26 per cent, making a total for the two sectors of Frs.8bn. (some £900,000).

This figure was considerably higher than that for semi-finished products which declined by 13 per cent, during the five-month period compared with the first five months of 1975. Exports of ores and non-ferrous metals, however, went up by 16 per cent, while those of machinery rose by 18 per cent.

The motor-car sector also did well, with exports of cars rising by 15 per cent, to Frs.14bn. but chemicals declined by 9 per cent, and textiles and leather by 3 per cent.

European Community remained France's biggest export market taking 32 per cent of the total, with West Germany alone accounting for 17.5 per cent. Sales to EEC countries went up by 19 per cent, but the increase in some other markets was even sharper. 22 per cent for the U.S., 28 per cent for the Soviet Union, 38 per cent for Iran, 50 per cent for Poland, and as much as 127 per cent for China. Indeed, French exports to Communist countries now make up more than 6 per cent of total sales abroad.

## Norsk Hydro Danish PVC plant study

Financial Times Reporter

KemaNord of Sweden and Norsk Hydro of Norway are examining the possibility of building jointly a polyvinyl chloride (PVC) plant in Denmark. The plan envisaged would have a capacity of 50,000 tons of PVC per year. It would be built on the industrial site owned by KemaNord at Skejboer on the island of Zealand. KemaNord and Norsk Hydro would each own 50 per cent of the plant.

There are at present no PVC production facilities in Denmark and the plant would aim to supply the Danish home market. According to present plans it would come on stream at the beginning of 1979.

## NY tries out Leyland double-decker buses

A mini-fleet of eight Leyland double-decker buses painted in red, white and blue livery, leave for the U.S. this week. Said to be the first double-deckers in the world to be fitted with air conditioning, they are to take part in road trials in New York to test their usefulness in handling commuter traffic.

They will go into service on 5th Avenue, Manhattan, operated by the New York Metropolitan Transit Administration and sponsored by the U.S. Urban Mass Transportation Authority. They will be the first double-deckers to operate in New York for 25 years.

## Aiwa U.K. subsidiary

Aiwa Company, a major Japanese maker of consumer equipment, said it has established a wholly-owned subsidiary in Britain to consolidate its sales and service network in the country. UPI reports from Tokyo. The new company, Aiwa Sales and Service U.K., is the company's seventh overseas venture.

## VW Algerian talks

Volkswagenwerk is negotiating with Algeria for an export order for 15,000 Golf, Passat and Brasilia models to be provided jointly by VW plants in Germany and Brazil, a company spokesman said. Reuters reports from Wolfsburg. He added that VW is still discussing with the countries concerned the building of car assembly plants in Algeria, Syria and Iraq, but no definite date for a decision is in sight.

## Hurricane threatens

MIAMI, August 9.

THREE OF America's biggest cities were under a hurricane warning to-day as a major storm moved slowly up the country's east coast.

The warning was issued for the eastern U.S. coast from North Carolina to Massachusetts—an area which includes New York City, Philadelphia and Boston.

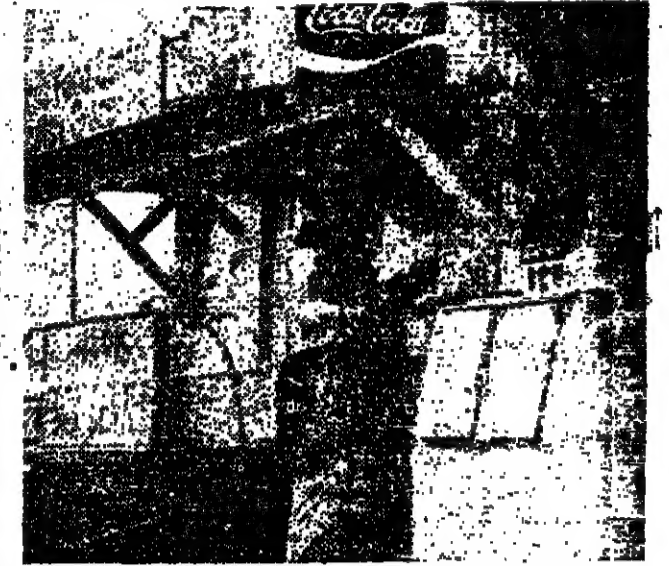
The National Weather Service said Hurricane Belle, carrying winds of up to 110 miles per hour, was located this morning about 85 miles south of Cape Hatteras, North Carolina. The storm was moving north at about 30 miles an hour.

People living on off-shore islands were advised to evacuate their homes, and people along the shore were warned to expect

tides from five to eight feet above normal.

The Weather Service said: "although rains that have been falling over New England and the coastal sections of the middle Atlantic states have not been associated with the hurricane, rainfall in those areas will increase as the hurricane approaches, posing a threat of serious flooding."

Thousands of tourists and residents had fled the Outer Banks islands off North Carolina which the Hurricane brushed to-day with gusts up to 75 miles per hour. The chain of barrier islands is so narrow at points that only several hundred yards separates the Atlantic from Pamlico and Albemarle Sounds. Agencies



Grocery store employees in Nags Head, North Carolina board up windows as the hurricane threatens the town.

## Citibank sues over Zaire loans

NEW YORK, August 9.

CITIBANK has said that it has started legal proceedings against the Export-Import Bank and Manufacturers Hanover Trust, challenging the creation of a preferential payment facility involving certain foreign exchange earnings of the Republic of Zaire.

Citibank filed the action on its own behalf and as agent for ten other commercial banks who previously extended credit to Zaire in reliance on the terms of an existing loan agreement.

Citibank said that it took this step following numerous meetings with the Export-Import Bank at which Citibank and the other lenders explained their position, emphasizing that such a preferential facility would not only violate the credit agreement but also create a precedent harmful to international lending. AP-DJ

"When a Government lender uses its power to obtain preferential treatment for itself at the expense of private lenders these lenders will be reluctant to extend further credit to foreign Government borrowers. Such action by one Government invites other Governments to adopt a similar approach," a bank spokesman said.

AP-DJ

## Air Franc optimistic on Concorde

Air France is doing everything possible to ensure the super Concorde airliner meets its noise levels prescribed by Federal Aviation Administration (FAA) and the Civil Aviation Authority. The aircraft is allowed to land in New York and Washington. D.C. Government said yesterday. It reported from Paris.

An FAA Press conference hours before the FAA issued its report on Concorde's performance over the past three years at Washington's Dulles Airfield officials also cautioned against rigid interpretation of noise statistics, saying the mean different things to different people under varying conditions. The officials added that Concorde entered global commercial service last month and has carried a total of 12,325 passengers and that each plane has been two-thirds full on average. The break-even figure calculated by the FAA is 57 per cent of the passengers expressed satisfaction with service. CCC

## Venezuela seeks U.K. technology

CARACAS, August 9.

THE PRESIDENT of Venezuela, Carlos Andres Perez, told a group of British journalists yesterday that he expected his forthcoming trip to Britain would produce "practical agreements" which would increase Anglo-Venezuela trade for the benefit of both parties.

Mr. Perez, who heads the wealthiest Government in his nation's history, also indicated that Venezuela wants to take greater advantage of technological skills which Britain has to offer. He said that any agreements made during his official

stay in the U.K.—planned for the autumn—should go beyond the customary rites of diplomatic protocol that are usually performed during state visits.

The comments on British technology echoed earlier statements made by one of the President's advisers, General Antonio Rodriguez, and form part of the Administration's efforts to shift some of the country's commercial dealings away from its long-standing principal trade partner, the United States.

Mr. Rodriguez, as Government Planning Minister, played a key

role in drawing up Venezuela's ambitious Fifth National Plan for economic development, a scheme calling for Government investments of more than \$25bn. by 1980.

Mr. Perez held a special Press conference at the presidential residence for several British journalists concluding a week-long visit to Venezuela made at the Government's invitation.

According to figures included in a CBI report on Venezuela, this country's exports to the U.K. in 1974 amounted to £134.7m.

## U.S. Steel tough on pollution

PITTSBURGH, August 9.

U.S. STEEL, one of the world's largest steel producers, has adopted a tough approach to air pollution regulations, and many in the industry admire its stance. Last year U.S. Steel spent \$144m.—about 14 per cent of its total capital outlays—on pollution-abatement facilities, and it is resisting pressures to spend more.

The U.S. Environmental Protection Agency (EPA) alleges that if U.S. Steel's 20 major facilities still have "substantial" pollution problems. Last February, the agency's deputy administrator, Mr. John Quarles, charged that the company has a "record of environmental recalcitrance which is second to none" and that its behaviour "tends to give all of industry a black eye." His attack, made at a Conference Board gathering, was the first in which an EPA official had publicly singled out one company.

The battle between the nation's largest steel producer and its environmental authorities arouses great passions. In the view of many regulators, the steel industry is the last bastion of resistance. They think that in the past U.S. Steel has been the most important, symbol of that resistance. The company—and much of the industry—says that it has been cleaning up its act. At a Conference Board gathering, Mr. Quarles said that U.S. Steel considers the environmental attacks unwarranted and unfair, and it worries that if it were to "knuckle under," a dangerous precedent would be set. Involved in the battle are

serious questions of health, of the quality of life, of jobs and of allocating limited resources in a capital-limited industry. The fight is being watched by environmentalists, who, until recently, had been concentrating on other industries in which the problems often were inherently less difficult. It also is being watched by other steel companies, some of whom think that in the past they have been harmed by being too conciliatory with environmental authorities.

Many steelmakers, in fact, admire U.S. Steel's tough stance. Another major steel company, for example, built expensive facilities at one plant to comply with environmental regulations, only to see the regulations changed and to find itself back out of compliance. One company official says the concern is "beginning to think that by fighting to the bitter end, U.S. Steel has fared better than companies, AP-DJ

as his own, that had tried to reach a "good faith" settlement quickly.

The spread of such thinking has not gone unnoticed at the EPA. Mr. Quarles says that one reason for his public criticism of U.S. Steel was "to let it be known to the entire steel industry that we were not asleep at the switch as to what was happening."

The battles are often fought on a grand scale. Such was the case in June in a showdown over U.S. Steel's Enslay Works in Jefferson County, Alabama, near Birmingham. After a four-year battle and despite high-powered threats that stretched from Alabama to Washington, the company failed to get the EPA to extend a June 30 deadline (to which the company had agreed last year) for closing down five of its two active open-hearth furnaces. AP-DJ

## Work resumes at Ford parts plant in Argentina

CORDOBA, August 9.

Peugeot of France, recently announced that they will resume normal operations. Peugeot says that it expects a sales improvement. Car industry sources say that sales dropped more than 50 per cent in the last six months. Some sources say that car makers have more than 20,000 unsold vehicles in stock despite the temporary work halt.

AP-DJ

## Rubber talks recess

There was no word from the Secretary Mr. W. J. Lyons, Secretary of the Rubber Manufacturers Association, on prospects for settling the rubber talks. The talks have been recessed since early yesterday. Reports from Washington.

## Consolidated Gold Fields Limited

(Registered in England No. 38936)

Dear Shareholder,

## INVESTMENT IN PLATINUM

For many years your Company has had a significant interest in platinum production in South Africa. Currently this consists almost entirely of its 46 per cent shareholding in Rustenburg Platinum Mining Company Limited, which in turn has a direct interest of a little under 90 per cent in Rustenburg Platinum Mines Limited, the world's largest producer of platinum. Your Company's income from this investment totalled approximately £750,000 in the financial year ended 30th June, 1976.

Apart from Rustenburg the only other shareholders of Rustenburg are Potgietersrust Platinum Limited and Union Platinum Mining Company Limited. Both these latter companies are administered by Johannesburg Consolidated Investment Company, Limited, which holds over 44 per cent of Potgietersrust Platinum and over 16 per cent of Union Platinum. Anglo American Corporation of South Africa Limited and companies associated with them also have large investments in Union Platinum.

In addition to its direct interest in Rustenburg, Waterval also has small interests in Union Platinum and Potgietersrust Platinum and Union Platinum has a shareholding in Potgietersrust Platinum. The desirability of simplifying and rationalising this complicated structure has been recognised for some time but administrative and other problems have meant that, in practice, it has been extremely difficult to agree a basis which could be considered fair and acceptable to all the shareholders in Rustenburg's holding companies.

On 17th May, it was announced in the press that discussions were taking place with a view to rationalising the Rustenburg holding company structure and the quotations of the holding companies were suspended pending the completion of these discussions. The quotations were restored as from 8th June. Today a circular is being posted to the holding companies' shareholders setting out details of the proposals. Subject to approval of the shareholders of each of the holding companies at meetings to be held on 31st August and, where relevant, to confirmation by the Court of certain aspects, the end result will be that Union Platinum will become the sole quoted holding company with a 100 per cent interest in Rustenburg.

Shareholders in Waterval, other than your Company, will receive Union Platinum shares in exchange for their Waterval shares. Your Company will retain its interest in Waterval which will become a wholly-owned subsidiary. Waterval will receive a block of Union Platinum shares representing your Company's *pro rata* interest in Rustenburg. Waterval's sole asset will then be its shareholding in Union Platinum.

For some time your Directors have taken the view that a substantial investment in a company which is effectively controlled by others is not always in the Company's best interests in the longer term. Your Company has therefore undertaken that, if and when Waterval becomes a wholly-owned subsidiary, it will procure that Waterval will transfer to each of Anglo American and Johannesburg Consolidated Investment one-quarter of the 17,568,387 Union Platinum shares to which Waterval will be entitled. Waterval will also grant short-term options over the remainder of its Union Platinum shares in equal proportions to Anglo American and Johannesburg Consolidated Investment. These transactions will be concluded at a price based on the ruling pre-suspension Johannesburg prices of the shares in the platinum holding companies.

This means that, as soon as the platinum holding company structure has been rationalised, your Company's present indirect interest in Rustenburg will be halved and—if the options mentioned above are exercised—it will be eliminated. In exchange for the platinum holding, Waterval will receive a portfolio of other South African shares including substantial blocks in mines administered by the Gold Fields Group.

Redeployment of your Company's assets is a continuous process but, in view of the long-standing investment in platinum, it was felt appropriate to advise shareholders now of the action being taken. Shareholders will be advised when all the transactions outlined above have been concluded.

Registered Office:

49 Moorgate,

London EC2R 6BQ.

6th August, 1976.

Yours faithfully,

J. R. STEWARDSON, Secretary.

SET OUT ABOVE FOR THE INFORMATION OF HOLDERS OF THE COMPANY'S SHARE WARRANTS TO BEARER IS THE TEXT OF A CIRCULAR WHICH HAS BEEN POSTED TO REGISTERED SHAREHOLDERS.



## OVERSEAS NEWS

## Fresh violence flares in South Africa townships

JOHANNESBURG, Aug. 9.

**LACK OF VIOLENCE** spread through South African townships today and police said they had opened fire on rioters in one township.

A police officer at Moshale township near Johannesburg said there had been one black and one white killed and several wounded in the township.

But a senior police spokesman denied this, saying only that police fired several shots at the township.

Massing crowds attempting to burn down a Government administrative building in Johannesburg's eastern suburb of Sandton were dispersed by police gunfire.

Students are protesting at the detention of their leaders rounded up in mid-June in South Africa's worst race riot since 1976, persons were killed in one week.

A surging crowd of black youths razed the parliament buildings of the semi-autonomous township of Sophiatown, 9 miles west of Johannesburg. Arson and stone-throwing by youths were reported from all parts of the Republic's provinces.

Police in Johannesburg said the most black townships with a full nationwide alert in Soweto, on Johannesburg's northern outskirts, South Africa's largest all-black township of a million inhabitants, were under a total curfew.

Chief of Police S. W. Leroux said police early on Monday shot at rioters at Alexandra township, adjoining Johannesburg, where a police station was burned down. The police chief for Johannesburg, Major-General W. H. Kitz, said that they both died later. He added: "We fired specific shots at two of the rioters and they died of their wounds."

Groups of youths stormed through the township at dawn and burned down a secondary school and hurled rocks at adults going to work. Thousands were forced back indoors. Police sealed off the smouldering suburb which remained quiet all last week while Soweto blew up.

"We don't know from minute to minute what is going to happen. It seems they only need to see a white face for things to spark off again," a policeman manning a roadblock said. Mixed black and white police riot units in green camouflage, armed with automatic weapons, patrolled the dusty streets.

By late afternoon sporadic bursts of gunfire still crackled around the township. Delivery vans dumped supplies at the edge of the area as police battled to demolish student-built road barricades.

At Mafeking, where reinforcements were rushed to protect the home of black Chief Minister Lucas Mangope, only the charred walls of the legislature remained standing. Estimates put damage at R70,000 (\$40,000). Eight police and Government cars were gutted by students who boycotted classes.

Mr. Mangope recently said that he will go along with Pretoria's separate racial development programme and accept independence for the Bophuthatane homeland, a policy opposed by most black Chief Ministers demanding instead a unitary or federal system with representation for South Africa's 17m blacks in one national parliament.

## IMF credit for Pretoria

BY GRAHAM HATTON

JOHANNESBURG, August 9.

**SOUTH AFRICA** has arranged a standby credit of SDR 150m (\$150m) at the International Monetary Fund, Finance Minister Owen Horwood announced in Pretoria today. SDR 30m represents the balance of South Africa's enlarged first credit tranche and SDR 120m the enlarged second tranche.

The Minister did not state the conditions laid down by the Fund for South Africa to draw the standby.

Last week the country's gross foreign exchange reserves (excluding bullion) stood at a mere R310m (about three weeks' imports), so the IMF

## Singapore records 7 per cent growth

By Our Own Correspondent

SINGAPORE, August 9.

**SINGAPORE** achieved 7 per cent economic growth for the first half of this year, compared to zero growth for the first half of last year.

This was disclosed by Singapore's Prime Minister, Mr. Lee Kuan Yew, in his annual message to the nation.

He said that the republic's economy was picking up and prospects for 1976-77 were good.

For the whole of 1976, GNP growth of 6.5 per cent could be expected, compared with 4 per cent last year.

Foreign investments were also picking up, he said, with \$515m committed for the first half of this year, compared with \$355m for the same half of last year.

However, these investments were in small and medium-sized projects. The big projects were still held up, partly because of excess manufacturing capacity in America, Japan and Western Europe, and partly because of investors' caution.

These investors wanted to assess the stability of non-Communist South-East Asia after last year's Communist take-overs in Indonesia.

On this, Mr. Lee noted that though there had been some increase in Communist insurgent activities in Thailand and peninsular Malaysia, the situation had remained stable.

"We have good relations with all our neighbours in Asia," he said. "They are based on growing confidence and understanding of each other gained over many years."

"There is now a beginning for long-term economic co-operation, but the pace is slow compared to what can be achieved in the ASEAN agreement for preferential trading arrangements."

"However, there is good co-ordination in matters of security. We have made a start in normalising relations with Vietnam and Kampuchea. We want peace in South-East Asia."

## CONTINUING UPSWING FORECAST

## Recovery firmly established

A CONTINUING upswing in the Japanese economy is forecast in the latest annual report on the country by the OECD, published today. The report points out that the growth of output accelerated very considerably in the first months of this year, owing to a sharp increase of exports and a strengthening of domestic demand. The recent movement of letters of credit for exports point to a significant acceleration of the growth of exports in coming months, but other forward-looking indicators such as judgments on the business situation, suggest that the recovery is now becoming firmly established. Following a prolonged decline, the ratio between job offers and job seekers has been rising since December. The following are extracts from the OECD's conclusions and forecasts:

After the sharp acceleration in the first half of 1976, the growth of real GNP is forecast to accelerate slightly in the second half in line with the expected slowdown in the rise of exports. But the expansion should steepen again in the first half of 1977, as the recovery of business fixed investment is likely to gather momentum. According to this scenario, the growth of real GNP may reach an annual rate of approximately 7 per cent in the first half of 1977. In spite of some absorption of economic slack, the margin of unused resources as measured by the GNP gap, is expected to remain substantial.

**CONSUMPTION:** Following a marked increase in the first quarter of 1976, real private consumption is expected to expand at a moderate rate until the end of the year. The spring 1976 general wage round seems to have resulted in an average rise in basic wages of around 9 per cent, against 12 per cent in 1975. Due to the profit situation, summer bonus payments are unlikely to be very large. Monthly hours worked should continue to lengthen, but the rise in employment may remain modest. In addition, the tax burden will increase since the

FY 1976 budget does not provide for any personal tax cuts. Overall, assuming an increase in consumer prices of around 9 per cent between 1975 and 1976, and a slight decline in the savings ratio, private consumption is forecast to rise by approximately 5 per cent this year. Consumer demand may strengthen somewhat in the first half of 1977 as a result of higher bonus payments at the end of 1976, a faster rise in employment and possibly a further decline in the savings ratio.

**INVESTMENT:** Gross fixed capital formation is expected, progressively, to become an important element of strength. Residential construction should continue to expand rapidly, spurred by a general desire for better housing standards, the increase in the number of households, the stabilisation of land prices, and the fall in prices of construction materials since early 1974. Furthermore, financing facilities, both private and public, should remain abundant. Private equipment investment, which has fallen sharply over the last two years, is forecast to recover in the second half of 1976, mainly due to a marked expansion of plant and equipment investment in the non-manufacturing sector, particularly in the electricity and gas industries. In view of the low level of capacity utilisation and the weak, albeit improving, corporate profit situation still likely to prevail for some time, investment in manufacturing may not pick up significantly until the first half of 1977.

Given the assumptions adopted for fiscal policy, public investment is expected to remain an element of some strength, although less so than in FY 1975. **STOCKS:** The strength of inventory accumulation during the forecast period is uncertain. The level of producers' stocks of finished goods is currently somewhat above its long-term trend and some decline seems likely. At the distributors level, the build-up of inventories should remain moderate, in line with the forecast expansion of private consumption. Work in progress and investment in stocks of semi-finished goods and raw

materials should expand more rapidly reflecting the steepening trend of production. Precautionary accumulation could take place, induced by expectations of rising world commodity prices. Overall, the ratio of stocks to total final sales is forecast to remain at its present high level, implying only a moderate contribution of stockbuilding to the growth of GNP.

**EMPLOYMENT:** The increase in employment is forecast to remain moderate until the end of the year, as the rise in labour input may mainly take the form of longer working hours and a

prices and substantial adjustments in government-regulated charges, followed by some deceleration in the first half of 1977.

**EXPORTS:** Following the very rapid growth in the first half of 1976, Japan's export markets are expected to expand at a more moderate pace during the next 12 months. As significant gains of market shares are likely to be made, notably in the United States, Sino-Soviet and oil-producing countries, the volume of exports, which may have risen at an annual rate of over 45 per cent between the second half of 1975 and the first half of 1976, is forecast to increase by 8 per cent over the 12 months to the first half of 1977. The growth in the volume of imports has been modest so far, but is forecast to accelerate significantly as a result of rising activity and inventory accumulation. Moreover, some deterioration in the terms of trade appears likely. Thus, the current account surplus, which in the first five months of 1976 was running at a seasonally adjusted annual rate of about \$2.4bn, is expected to be progressively reduced throughout the forecast period. Over the twelve months to mid-1977 it may perhaps be of the order of \$1.1bn.

**INFLATION:** Over the past two years, economic policy has been successful in moderating the rate of inflation. The annual increase in consumer prices was brought down from more than 30 per cent two years ago to about 9 per cent in the early months of 1976 with a parallel marked deceleration of nominal wage rises. At the same time, the large current deficit of 1974, which reflected Japan's particularly heavy dependence on oil imports, gave way to a position where a considerable surplus in the first months of 1976. These results have been achieved at the price of virtual stagnation of activity—a decline of real GNP by 1.2 per cent in 1974 and an increase of a mere 2.1 per cent in 1975—which contrasts sharply with the annual growth of around 10 per cent recorded in the preceding ten years.



## Beirut factions fear escalation

BY HSIAN HSIAI

BEIRUT, Aug. 9.

**WITH** the implementation of the tripartite agreement, the rival factions in the Lebanese civil war are bracing themselves for a new phase of military confrontation.

Mr. Kamal Jumblat, the leader of the Muslim Left-wing forces, told reporters last night: "We expect a long war, as the Syrian forces remain here." He spoke at the end of a four-hour meeting of the combined leadership of his forces and the guerrilla movement. Zaynab, close to the Syrian reported to-day that the leadership had laid down plans for a long, drawn-out confrontation.

Two guerrilla leaders have spoken of more fighting ahead. George Habbash, the secretary-general of the militant Popular Front for the Liberation of Palestine, told a rally in the southern port of Sidon yesterday that the combined Palestinian and Left-wing forces must hold on to the territory they now control.

He said that the course of compromise must be set aside and that of revolutionary struggle must be followed.

Mr. Nayef Hawatmeh, the head of the Democratic Front for the Liberation of Palestine, said at a separate rally in the same town that a major battle and a serious period of struggle "is still ahead of us."

A big Right wing force was reported to have been massing at the mountain village of Al Jundhour some seven miles east here, on the main Beirut-Damascus highway. Palestinians and the Left believe that the Right is getting ready either to attack the embattled Palestinian camp of Tal al Zatar, or to launch a new offensive either in the eastern mountains or against the southern Beirut suburbs. On the other hand, the Left-wing Al

## Look behind our numbers and you'll see our resources.

REPUBLIC NATIONAL BANK OF NEW YORK  
Consolidated Statement of Condition  
June 30, 1976

ASSETS	
Cash and due from banks	\$ 59,706,029
Interest bearing deposits with banks	318,396,367
Precious metals	36,250,213
Investment securities:	
U.S. Government obligations	67,222,910
Obligations of U.S. Government agencies	26,644,830
Obligations of states and political subdivisions	104,882,076
Other	58,562,576
Total investment securities	287,317,432
Federal funds sold	96,000,000
Loans, net of unearned income	723,279,981
Less allowance for possible loan losses	11,309,872
Customers' liability under acceptances	720,970,119
Bank premises and equipment	75,257,734
Accrued interest receivable	13,310,531
Other assets	32,882,646
Total assets	\$1,699,918,415
LIABILITIES	
Deposits:	
Federal funds purchased and securities sold under agreement to repurchase	21,000,000
Other liabilities for borrowed money	3,762,210
Acceptances outstanding	77,380,959
Accrued interest payable	64,769,664
Other liabilities	11,720,847
6 1/2% - 8% Notes	808,000
STOCKHOLDERS' EQUITY	
Common stock	21,482,080
Surplus	1,604,000
Surplus representing convertible notes obligation assumed by parent corporation	1,604,000
Undivided profits	1,604,000
Total stockholders' equity	\$1,699,918,415
Total liabilities and stockholders' equity	\$1,699,918,415

Loans are 51.9% of deposits—one of the best ratios among the top 100 banks.

## Libya charged with Arab subversion

By Our Own Correspondent

BEIRUT, Aug. 9.

**INFORMED** observers see the signposts of an Arab underground war which they say will gain momentum in the future. The two explosions yesterday at a Government building in Cairo which injured 14, the assassination in Damascus last week of a senior Syrian ruling party leader, and the reported arrest in Baghdad a few days ago of a "Syrian subversive" were some examples of it.

The Egyptians have blamed Syria for the explosions just as resident Jaafar Numairi had blamed Col. Muammar Khedafi masterminding the abortive attempt in Khartoum last month. The Libyan regime was reported to have taken precautions against what Col. Khedafi regarded as an Egyptian-Saudi alliance to topple him.

In Syria, the appointment of new Minister of the Interior, the Cabinet of Premier Major Abdul Rahman Khleif, which was announced yesterday, was seen as a sign of an intensifying struggle between the rival regimes Damascus and Baghdad.

## Sudan stages anti-U.K. demo in Khartoum

BY ALAN DABRY

KHARTOUM, August 9.

**TO-DAY'S** Government-organised demonstration and political rally in the square facing the British Embassy in Khartoum seemed more a token protest against the British Government than a representation of anti-British feeling in the part of the Sudanese people.

Extensive Press coverage of the rally is expected to-morrow after which the anti-British campaign which last Friday included a ministerial attack on the BBC may come to an end.

While a crowd of upwards of 2,000 shouted "down, down, British crown" and "Down, down BBC" cordons of police protected the embassy building and other British centres in Khartoum. The crowd was well organised and well controlled and there was no hint of violence at any time.

The crowd was addressed by Khartoum and the Sudan Socialist Union's Khartoum province commissioner and provincial secretary Mr. Mahdi Mustafa al Hadi and SST deputy secretary-general and agriculture minister Maj. Abdul Gasim Mohammed Ibrahim. The two speakers were joined by Information Minister and lead-

## New arrest over Lockheed in Japan

PEKING, August 9.

Prosecutors investigating the Lockheed payments scandal indicted Mr. Toshio Enomoto, a secretary of former Prime Minister Kakuei Tanaka, yesterday, for allegedly receiving Yen500m (\$1.7m) of Lockheed money for Mr. Tanaka, AP-JP reports from Tokyo.

The money, allegedly, was passed on four occasions between August 10, 1973, and March 1, 1974. The indictment thus came one day before the three-year statute of limitations would have expired for the first alleged transfer.

Mr. Tanaka so far is the only politician among 16 people arrested in Lockheed investigations in Japan. He and Mr. Shomoto both were arrested on July 27 and have been held in detention since.

## Fresh earthquake tremor reported in China

PEKING, August 9.

**PEKING** to-day a momentary earthquake tremor was reported. The earthquake occurred at 6.45 a.m. which was so brief that it was felt by a few people only. It was the first tremor to be felt since 1976. The tremor occurred at 6.45 a.m. which was so brief that it was felt by a few people only. It was the first tremor to be felt since 1976.

## Amin denial

President Idi Amin of Uganda has told a Swedish newspaper that a British Press report of an alleged massacre of students at Kampala's Makerere University was "a lie from beginning to end".

What does such a low loan-to-deposit ratio mean? It means our people are a bit better at building up our deposits. We think they're a bit smarter and work a bit harder, with a bit more imagination and agility. Because of them, we always have been able to maintain a high level of liquidity. And our people's efforts show up elsewhere on our

balance sheet. Business Week's 1975 Annual Survey of Banking Performance shows that, among the top 100 banks, we rank second in rate of increase of deposits and first in return on average assets. So, of all our resources, we feel our people are our most important resource. They make our performance possible. Get to know them better.

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A Safra Bank

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## EUROPEAN NEWS

## Another blow to Gaullists as reshuffle rumours grow

BY ROBERT MAUTHNER

PARIS, August 9.

RUMOURS about an early reshuffle of the French Government have been further strengthened by a statement by M. Jean Lecanuet, the Centre leader and Minister of Justice, that President Giscard d'Estaing needs a new ruling majority that would reflect his own thinking.

The remarks, made in a television interview at the weekend, were seen as yet another blow at the Gaullist UDR Party from their coalition allies, at a time when the rift over the controversial capital gains tax has barely been patched over.

Although M. Lecanuet was referring to the Government's majority in Parliament—at the moment, he said, the National

Assembly was made up of Deputies elected at the time of the late President Pompidou who did not necessarily reflect the views of the new President—his statement was clearly aimed at the present composition of the Government.

The Centre and M. Giscard's old party, the Independent Republicans, have long been unhappy at the fact that the leading member of the Government, M. Jacques Chirac, the Prime Minister, is still a Gaullist. This seems to them to be incompatible with the liberal and reformist views of the President.

There has been widespread speculation since the last few weeks that President Giscard will remedy this anomaly by

replacing M. Chirac. But such a move would be more difficult to carry out than it looks at first sight.

A French President, in spite of all the powers which are concentrated in his hands, still needs a parliamentary majority to pass his Bills, and the Gaullists remain the strongest single party in the National Assembly.

If they were to be forced into opposition by the appointment of a Prime Minister who is not to their liking, the President would lose his parliamentary majority altogether, and it seems unlikely that he would want to provoke a major political crisis less than two years before the next parliamentary election.

## Franc outlook still uncertain

BY RUPERT CORNWELL

PARIS, August 9.

THE BATTERED French franc staged a small recovery on the Paris foreign exchange market today, helped by cheerful remarks from President Giscard d'Estaing and an inevitable technical reaction to the heavy losses it sustained last week.

Nonetheless even after an improvement to Frs.4,982.25 against the dollar this evening franc—which remained from Friday's close of Frs.4,975.5, however, above the psychological barrier of Frs.5 for Sw.Frs.1.

Apart from a certain amount of speculative profit-taking, the most positive help came from Africa where M. Giscard d'Estaing held a Press conference at the weekend marking the end of an official visit to Gabon.

He told reporters that an objective assessment of the French economic situation would see the currency at its correct value. He also underlined that France's public finances were the healthiest in Europe, a reference to the Government's determination to produce a balanced budget for fiscal 1977.

That may be so, but there is little in the present social and political climate here to inspire much confidence in the foreign exchange market, amid fears of a tense September when the country returns to work, and incessant predictions of a sweeping Ministerial reshuffle fairly shortly.

In the meantime the Finance Ministry is taking a very relaxed view, blaming the franc's troubles on the excessive strength of the mark and the dollar. Once more the Bank of France did not intervene, although it pushed domestic money market rates a notch higher to 9.1% to attract funds to Paris.

## Portugal bomb arrests

BY PAUL ELLMAN

LISBON, August 9.

NINE PEOPLE were being held in the Caxias prison near here today following a week-end round-up of Right-wingers suspected of bomb attacks.

An Interior Ministry statement, however, denied that the suspects included Oporto's police chief, Major Mota Freitas, and his deputy, Major Sao Paulo.

Both men were named in morning newspaper reports as having been arrested in a hunt for bombers, whose more spectacular attacks included the destruction of the Cuban Embassy in Lisbon last April when two people died in the blast.

The Government statement said the two had been flown to Lisbon simply for an "exchange of impressions" and added: "There is nothing more than this and the rest is speculation."

Although Major Freitas remained in Lisbon today, his second-in-command was said to be back at his desk in Oporto.

Officers of the Judiciary Police, the national law enforcement agency, were meanwhile questioning the nine others held for allegedly organising bomb attacks. They include a Judiciary Police detective and the former mayor of a northern town.

## E. Germany hints at new Berlin restrictions

By Leslie Collier

BERLIN, August 9.

EAST GERMANY and the Soviet Union have sharply attacked the West German Government for allegedly inspiring "provocations" at the border between the two Germanies.

The East Germans hint that they may have to consider limitations being placed on the flow of West German visitors to East Germany. They also claim that "the future of détente" is threatened if Bonn does not abandon its "revanchist thesis" that the border is not equivalent to a frontier between two nations.

The Communist broadside comes on the heels of the fatal shooting of an Italian truck driver by East German border guards. The statements appear in the Soviet newspaper, Pravda, Moscow's Foreign Ministry publication, New Times, and East Germany's Communist newspaper, Neues Deutschland.

The East German paper says of the shooting of Signor Benito Corghi, who was a member of the Italian Communist Party, that he unfortunately lost his life through a tragic chain of circumstances under mysterious conditions which have not yet been clarified. West Germany, it says, is "shamelessly using the incident to divert attention from its continuous provocations against the East German frontier."

The East German attack is in apparent reaction to the impact which Signor Corghi's death has had in the West, particularly in Italy, where the Italian Communists have protested to East Germany and said the killing illustrates the abnormality of the division of Europe.

Commenting on today's "Neues Deutschland" editorial, a West German spokesman said the shooting of an Italian citizen by border guards "must be extremely embarrassing."

The East German paper lashes out against West German politicians, from Chancellor Helmut Schmidt to Foreign Minister Hans-Dietrich Genscher, and the shooting of an Italian citizen by border guards "must be extremely embarrassing."

Following reports of a split between the Soviet Union and Syria, David Lascelles, East Europe Correspondent, looks at Moscow's policy in the Middle East.

## Bear with a sore head

NEWS THAT the Russians and the Syrians have split over how to handle the Lebanese crisis, though not surprising, is bound to raise broader questions about the Middle East. First, why did Moscow allow what is basically a secondary dispute (however bloody) to mar relations with one of the few countries where it was still on good terms? Second, by doing so, has it risked further whittling away its already tenuous hold over the course of events in that troubled region?

Not that the split need be definitive. According to informed Syrian sources, it specifically concerns Syria's involvement in the Lebanese civil war, not broader issues. It is also said that the Russians have imposed an arms embargo which will be lifted when the last Syrian soldier quits Lebanese soil. An arms embargo sounds dramatic, but Moscow has used it often enough in the Middle East to suggest that its policymakers see it as a weapon to be kept close at hand.

Nevertheless, the split marks a serious and sudden setback for Soviet Middle East policy. Only two months ago Premier Alexei Kosygin was in Damascus declaring: "Supporting the Arabs' cause in the face of Israeli aggression, the Soviet Union will continue to give the necessary assistance in friendly Syria in strengthening her defence potential."

However, his visit coincided with the deepening of Syria's involvement in the Lebanese civil war, with further Syrian attacks against Palestinian forces. Only a week after Mr. Kosygin's departure, Tass News Agency sounded a warning that Moscow could not tolerate this involvement, under any pretext.

Syria has time and again issued statements saying that the mission of the troops it introduced into Lebanon is to help stop the bloodshed. Nevertheless, notice should be called to the fact that bloodshed continues in Lebanon today, and that blood is flowing in ever greater streams.

Although the Russians continued to direct their biggest salvoes against the "imperialist aggressors," some of the fire

from now on was plainly aimed at Syria, too.

There are two reasons for the Russians' concern. First, they have always feared the consequences of a large-scale flare-up in the Middle East, and are generally believed in the West to have encouraged the Arab side to undertake outright war, speedier end to the civil war.

That the Russians came out against the Syrians could be due to three reasons: it fitted the Russian policy of "de-interfering" the Lebanese crisis; it probably, in the Russian view, held out chances of a speedier end to the civil war.

"The Soviet Union will continue to give the necessary assistance to friendly Syria."

Soviet Premier Alexei Kosygin, June 4, 1976.

"Syria... has issued statements that the troops in Lebanon will help stop the bloodshed... That blood is now flowing in greater streams."

Tass, the Soviet News Agency, June 12, 1976.

Their arms supplies have been designed to maintain a balance of power, to enable their allies to undertake limited campaigns, and to command loyalty.

The Lebanese crisis was, therefore, alarming because it threatened to suck in broader interests and get out of hand.

Second, the crisis involved the Palestinians, whose interests the Russians have espoused to a growing extent. Having forged an alliance with the PLO and allowed it to open an office in Moscow, they could scarcely stand idly by while the refugees of Tel al Zatar were being daily bombarded. Nor, therefore, could they consort with Syria so long as it appeared to be conducting a policy aimed at crushing the PLO as a means of restoring order.

At first, the Russians tried to restrain Syria by diplomatic means. There were several missions between Damascus and Moscow last month which, however, failed to achieve the Rus-

signs' objective, forcing them to take sides.

For the moment, this Moscow with little chance of moulding events in the East. But there may be a reason why it was prepared to take this course.

Any realistic assessment of the Middle East must con-

sider the Russian influence, longer what it was, and Russian aims have been down from achieving the favourable agreement to securing the least un-

able. The Arabs have complained that against the Russians have offered. There has also been a shift in Moscow's interest from the heart of the desert where it has earned little, to points further west, as the split with Syria widening, a little noticed, arrived in Moscow—General Samatur, the Somali Minister of Defence, who had what was described as "a warm friendly talk on various mutual interests" with his site number.

Similarly, there has been a marked improvement in relations with Libya, which the Egyptian Secretary General, Muammar, has taken delivery of over Soviet tanks, and large amounts of military equipment.

Libya and Somalia, with virtue of their location, sources, have an influence on all trade, broader level.

Observers have also begun to notice a certain weariness in the Soviet Middle East.

Although Tass recently said that no one should lose sight of the fact that the Middle East is close to Soviet interests, it ranks as of secondary importance, behind détente, se China, and probably even growing possibilities held by developments such as Arab-Israeli peace talks.

While this has not dimmed the Russians' intentions of a Middle East settlement, a Geneva conference, taking account "the rights of all" and the Palestinians, it reflects their feeling of the need to hold the region in line their lack of control developments there.

## 1918 "Taisho Marine" 1976



President's Statement  
A. HIRATA

In fiscal 1975 the Japanese economy was in even more difficult circumstances than in the previous year as seen in the leveling off of personal consumption, slack private capital investment and stagnant foreign trade.

In such a general economic situation, your Company has endeavored to expand its business by actively developing new types of insurance, setting up new branches and reinforcing its sales and service networks. At the same time, your Company further intensified its efforts to increase its managerial efficiency by furthering the mechanization of its office work. Consequently, your Company was able to achieve the following results:

It earned a premium income of ¥136,733 million, up 22.3% over the previous year, and increased its total assets by ¥33,775 million to ¥294,235 million at the end of the year. Its profit for the year amounted to ¥10,445 million.

In connection with all this, we extend our heartfelt gratitude to you, our stockholder or other interested party, for your kind support.

I will now give you a brief description of operating results in our various divisions.

## Marine, Aviation and Transport Business

In these areas of our business, the total premium income amounted to ¥17,806 million, showing a gain of 0.6% over the 1974 total of ¥17,642 million. Meanwhile, paid claims increased by 12.0% from ¥10,682 million in 1974 to ¥12,028 million in 1975.

In the marine hull insurance business, your Company was able to increase its premium income by 24.3% over 1974 by carrying out vigorous business activities in the face of the protracted serious recession in the shipping industry. However, your Company's loss ratio was higher than in the previous year mainly due to some major losses.

In the transport insurance business, your Company's premium income diminished by 7.9% from 1974 due to the worldwide recession. On the other hand, the loss ratio was slightly higher than in the previous year.

## Motor Vehicle Business

In this area of business your Company was very active, enlarging the coverage of bodily injury liability insurance, introducing a private automobile policy, etc. In addition, some rates were increased. Consequently, your Company had a premium income of ¥41,703 million, up 35.9% over the 1974 figure of ¥30,676 million. The sum of paid and outstanding claims ran up to ¥34,064 million as compared with ¥31,068 million in 1974 while the loss ratio declined owing to a high rate of increase in premium income.

## Personal Accident Business

The income protection insurance introduced in 1974 continued to sell so well that your Company earned a premium income of ¥9,096 million in 1975, achieving a substantial gain of 45.1% over the 1974 total of ¥6,268 million. On the other hand, the sum of paid and outstanding claims amounted to ¥6,938 million compared with ¥2,977 million in 1974.

## Property Business

In this area of business your Company was able to increase its premium income by 17.9% from ¥22,147 million in 1974 to ¥26,114 million in 1975. This was because your Company endeavored to arouse a new demand for insurance, for example, by introducing a value-agreement insurance for fire risks in household property. The sum of paid and outstanding claims ran up to ¥8,252 million compared with the ¥7,213 million in 1974.

## Overseas Business

In its overseas business, your Company made every effort, as in the previous year, to increase and strengthen its overseas bases of operation. It has established a local corporation in Indonesia at long last and opened resident representative's offices in Manila and Rio de Janeiro. Your Company achieved good operating results thanks to the smooth growth of its branches in Southeast Asia and its business in the United States, the Netherlands and Belgium.

## Investments

Your Company continued to be successful in its investments despite the current financial situation and even though money rates and corporate dividend rates dropped due to the recession. Revenue from interest and dividends on investments including interest and dividends transferred to Revenue Account increased 3.7%, rising from ¥13,500 million in 1974 to ¥13,997 million in 1975.

## Accounts

The total premium revenue of your Company in 1975 amounted to ¥136,733 million compared with ¥111,780 million in 1974. Meanwhile, the sum of paid and outstanding claims increased from ¥91,126 million in 1974 to ¥105,987 million in 1975.

The total underwriting balance of your Company in 1975 was ¥5,230 million compared with ¥3,624 million in 1974, and the interest and dividend revenue, ¥13,997 million compared with ¥13,500 million in 1974. The profit realized after deducting taxes and other expenses from the sum of the underwriting balance and the interest and dividend revenue amounted to ¥10,445 million compared with ¥8,443 million in 1974. Of the above profit, ¥8,672 million was designated as claims equalization reserves and transferred to the insurance fund. Another sum of ¥4,003 million was put aside as legal and revenue reserves.

## BALANCE SHEET (as of 31st March)

LIABILITIES:	(In Million Yen)	1976	1975	ASSETS:	(In Million Yen)	1976	1975
Share Capital	15,000	15,000		Loans	97,968	91,297	
Capital Reserves	9,450	8,979		Investments	92,224	81,086	
Revenue Reserves	26,263	22,460		Fixed Assets	22,354	19,505	
Profit and Loss Account	1,291	1,245		Current Assets	81,689	68,572	
Insurance Funds	126,824	107,391					
Current Liabilities and Provisions	115,407	105,385					
	294,235	260,460					



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## Seveso "in bid for new gas plant"

BY JOHN WICKS

ACCORDING to a Swiss Press report, the regional authorities responsible for the Seveso area of northern Italy have stated that they will call on the Hoffmann-La Roche group to build a new plant in Meda or somewhere else close to the town where recently shut down following the escape of toxic TCDD gas.

This demand is to be made within the framework of overall compensation negotiations. The new plant, which is needed to guarantee the workplaces of some 4,000 employees, should have a different and harmless production programme, the authorities are quoted as saying.

A spokesman for Hoffmann-La Roche said in Basle today that no such representation had yet been received from Italy. The parent company's president, Dr. Adolf Jann, has already stated that the group

will cover all damage caused by the gas escape, and said the town workers would receive their wages until the end of this month.

The newspaper interview in which he made these statements has met with sharp criticism in Switzerland in view of the tone of certain remarks it contains.

With regard to the danger of deformity in unborn children, Dr. Jann said that "hardly more than 30 women were concerned." The Seveso accident he described as a "technical incident which we cannot account for," and Mr. Ger Woldvogel, director of the Hoffmann-La Roche subsidiary Givaudan, had been told expressly by Dr. Jann himself not to visit the affected area.

While regretting the accident, Dr. Jann said in the interview that the risks involved in

running a chemical plant had to be taken into account—otherwise the chemical industry would have to close down world-wide.

A shortage of the bactericide hexachlorophen could result from the close-down of TCDD units, it was stated today in Basle. The entire tri-chlorophen production of Seveso was used for hexachlorophen manufacture in Hoffmann-La Roche plants in Switzerland and the U.S.

Air samples taken in the Swiss canton of Ticino, which borders on Italy, have shown there is no pollution there from the Seveso gas leak, it was stated this evening. Apart from this air check, the Swiss authorities have ordered careful controls on imports of vegetable and animal produce in connection with the incident.

ZURICH, August 9.

Givaudan, in a state issued tonight, said:

1—The evacuation of a few raw materials, the closing of the plant, following stopping of manufacture, is dangerous.

2—This concerns particularly two chlorine tanks product being supplied to local manufacturers. This is used for the manufacture of benzyl products which used in perfumery.

3—It also concerns some cyanide (also supplied to local manufacturers) which used for the production of benzyl cyanide which is used for the manufacture of phenylacetic acid and derivatives.

The finished products, which are stocked at the factory, being held until official authorisation for deliveries obtained.

## Bulgaria determined to seek closer links with Soviet Union

BY PAUL LENDVAY

VIENNA, August 9.

THE SOVIET Union continues to dominate the Bulgarian economy with a share of 53 per cent in foreign trade and Bulgaria is determined to go ahead with an all-round economic drawing closer" of Bulgaria and the Soviet Union.

This was stated in a commentary issued by BTA, the Bulgarian official news agency, on Bulgarian-Soviet economic relations.

With reference to the 55 per cent increase of Bulgaria's industrial output during the last 15 years, coupled with substantial changes in the structure of the economy, the commentary stresses that economic integration with the Communist bloc is one of the chief factors for the country's rapid economic growth.

The problems of modernisation and specialisation are successfully solved with Soviet aid, the commentary says, adding that bilateral trade is scheduled to rise from 1976 to 1980 from 15,000 to 25,000 million rubles, in the last five-year period to a total of 137,000 million rubles.

Trade with the Soviet Union accounts for 53 per cent of Bulgaria's total foreign trade turnover, and the Soviet Union last year shipped machinery and equipment to the tune of 4bn. foreign exchange leva.

As a result of specialisation and joint production, the Soviet market has become a major factor for the sales of Bulgarian industrial manufactures. Machinery and equipment last

year accounted for 44 per cent of exports to the Soviet Union.

It is emphasised that Bulgaria is a country with limited natural resources and has to rely on raw material and other Comecon partners. In addition to oil and gas, the country imports between 3bn. and 4bn. kWh of electric power from the Soviet Union per annum.

The process of "getting closer" in all spheres of the economy also involves Bulgarian participation, along with other Comecon countries, in the construction of large projects on Soviet territory. In exchange for the export of manpower and capital, Bulgaria will receive substantial deliveries of pulp, oil, asbestos and ferrous ore.

## Communists Basque jailed again

BILBAO, August 9.

A LEADER of the Basque Communist Party was arrested at his home here today, a few days after being freed from prison under a amnesty for political prisoners.

Steelworker Jose Urrutia, detained with Party Secretary Ramon Drazmabai, giving a Press conference, said police sources at

At the conference, the 49 issued demands for action for the troubled northern Basque country and forecast widespread anti-Government demonstrations this year unless new steps were speeded up.

Senior Urrutia was released from Madrid's Carabanchel Prison last Wednesday after serving several months in prison on charges of illegal association. Rele-

Belgian jobless

The number of wholly unemployed in Belgium rose, 224,524 or 4.1 per cent, in July from 215,149 or 3.1 per cent in June, the National Employment Office said, Reuters.

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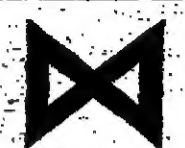
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5. Tender documents will be forwarded by registered airmail to the applicant complying with paragraph 4 above. The completed proposal, dispatched to the Directorate in the special envelope provided, and in strict accordance with the general instructions to bidders (which will be forwarded to the applicant simultaneously with the tender documents) should reach the Directorate not later than 1200 hrs. on 26.10.1976. Proposals arriving later than the time limit fixed will not be considered and will be returned unopened to the bidder.  
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## The Management Page

EDITED BY JOHN ELLIOTT

## WORKER PARTICIPATION IN WEST GERMANY

## Tests of power and responsibility

URING the time that members of the Bullock Inquiry were sitting West Germany to study at country's experience of worker participation in industry last month, a new law came into force that will extend the process probably as far as it goes. Some 650 companies employing 2000 or more people now have two years to devise and put into effect arrangements for filling half the seats on their supervisory boards with representatives of the work force. These representatives will, however, take part in day-to-day management decisions because such decisions are the responsibility of the two-tier system. The West German company structure of the lower executive board. All the same, supervisory boards have the duties of appointing (and occasionally firing) members of the executive board, and they also select the firm's directors and approve long-term capital and investment decisions.

In addition, the workers' representatives will appoint the executive board member responsible for personnel questions. The so-called labour director—who must be approved by a majority of the workers' representatives on the supervisory board—will be a senior executive (though not exclusively elected) by his peers. Union leaders are not happy about the senior executive, whom they seem to regard as a sort of Trojan horse likely to take the same view as the bankers, retired executive directors, major shareholders and customers who usually dominate the supervisory boards of West German companies. "We are pleased about the other six members. At present, when many large companies have supervisory boards one-third filled by employees' representatives, these six are likely to be mainly works council chairmen and shop stewards—people with plenty of experience in company affairs, but whose views may not always coincide with those of their national union leaders. Understandably, employees feel that the representatives of the work force ought to be employees themselves. West German employers tend to take employee relations seriously and most will not doubt swallow the cumbersome, expensive process of setting up the electoral

colleges—a step described in no fewer than 400 pages of legislation that will make a lawyer's field-day—with as good a chance as they can muster. There have been a few reports of companies looking for ways around the new law by reducing the number of employees below the 2,000 mark, by or trying to change their legal status, but for the most part the employers' main complaint is that they will now have one more complex, burdensome administrative duty to carry out.

One substantial worry remains and that is the question of the confidentiality of the information passed to the union-nominated supervisory board members. Because West Germany has relatively few major trade unions, and often only one per industry, there is a strong chance that a union's top leaders could find themselves sitting on the boards of competing companies, with potentially damaging results to the confidentiality of discussion.

destine rearmament, calculating that the presence of trade union leaders in Board rooms would divide and weaken the management of companies that were widely held to share the blame for precipitating the Second World War. Within a few years, however, the mitbestimmung system successfully took the strain of smoothing the process of modernisation and mechanisation in the industry.

From 1951 when there were some 555,000 miners, producing 135m. tons of coal, the West German coal industry has contracted dramatically to the point where just over 202,000 miners, working in only 46 pits, produced 95m. tons in 1964 and just over 93m. tons in the recession year of 1975. This enormous rundown in manpower could probably not have been achieved without the boom conditions elsewhere in the economy during the 1950s and 1960s which offered opportunities in other industries.

However, the involvement of union leaders as a matter of

has been in force for nearly 25 years is the result of the so-called "works constitution act" of 1952. This has given representatives of the unions and of the employees one-third of the seats on the supervisory boards of companies with 500 or more workers, and it is this that is to be expanded to a 50-50 basis now.

## Confidences

While it is difficult to generalise about the thousands of decisions (all, incidentally, taken behind closed doors) that West German company supervisory boards have taken under these two systems, there seems little immediate reason to expect, on the basis of past experience, that there will be a grab for strident "workers' control" under the new Act. Nor, for obvious evidence to support those who fear that the unions will breach board-room confidences.

On the contrary, the unions' involvement as supervisory board members in far-reaching decisions of corporate strategy appears in many ways to have bound them increasingly closely to the fate of companies. There is probably no better example than Volkswagen, which has as its vice-chairman of its supervisory board Herr Eugen Loderer, president of IG-Metall, the motor and engineering workers' union, and probably the single most influential man in the West German trade union movement.

Early last year Herr Loderer agreed with his colleagues on the need for VW to lay off thousands of its workers when the alternative appeared to be financial disaster. Subsequently, he appears to have accepted the view of the chairman of the VW executive board, Herr Toni Schmuecker, that many of the jobs lost are unlikely to be refilled. And finally, Herr Schmuecker was able to report on April 23 that the supervisory board, including five works council officials as well as Herr Loderer, was unanimous in its support of the management's long-deliberated plan to assemble cars in the U.S. Only time will tell whether these were the right decisions: to take in the long-term interests of VW workers. So far, however, little or no opposition from within the union's ranks has been heard. Meanwhile, the improved results which the company has been reporting this year are a development in which unions leaders can take—and are readily given—as much credit as the management.

Fewer products but longer runs would improve the U.K.'s poor productivity according to a study of labour efficiency in international companies.

## A case for Adam Smith

BY PETER RIDDELL

## FOREIGN COUNTRIES' PRODUCTIVITY LEAD OVER UK

Cause	Germany %	France %	North America %
Output and length of production runs	51	11	201
Plant and machinery	5	5	6
Others including differences in product mix and capacity use	2	2	4
Strikes and restrictive practice	24	0	5
Manning and efficiency	81	51	6
Average lead	27	15	50

THE POOR productivity record of much of British industry by international standards has been a frequent theme of the many diagnoses of our economic ills. But apart from generalised anecdotes and assertions, there has been little attempt to identify the causes of productivity differences at the level of particular companies.

However, a new study by Cliff Pratten of the Department of Applied Economics at Cambridge tries to explain and quantify the importance of such variations by looking at labour productivity in the various national operations of the same international companies.

The advantage of comparing productivity of international companies is that management can be expected to know of variations between countries while a number of important factors affecting labour productivity, such as common products and technical knowledge should remain relatively constant.

The study is based on information from 100 companies which employ about a tenth of the U.K. manufacturing workforce in U.K. manufacturing, and mainly refers to 1972.

The international comparison—mentioned briefly in an article on this page last month—shows that labour productivity is 50 per cent higher in North America than it is in the U.K. (or 56 per cent after adjusting for the number of employees). The difference is 27 per cent (35) for the German/U.K. comparison and 15 per cent (38) for France/Britain.

## Product mix

The results are not greatly affected by the particular home base of the international group, so that labour productivity at the North American and German operations is an average higher than at the U.K. operations of both overseas and U.K.-based groups. Moreover, when the productivity differentials in the sample are compared with manufacturing generally it is clear that the gap between Britain and other countries would be larger than indicated above, but the causes may be different with variations in product mix, management and investment being possibly more important.

Mr. Pratten identifies three broad potential causes of differences—economic, behavioural and institutional

forces—and points to the important deviations from the assumptions made in competitive models. A summary of the reasons for differences is given in the accompanying table, with economic factors accounting for more than half the productivity differentials. Economic and behavioural differences interact with, for example, a record of slow growth affecting the attitude of management and labour. Any estimate of the impact of particular forces is inevitably tentative but it is apparent that a higher level of output and longer production runs are a major reason for the differences between North America and the U.K. This in turn reflects the smaller U.K. market.

Perhaps the most significant and firmly established conclusion of the study is that it is very difficult for even an international company to determine an efficient level of productivity. Mr. Pratten is inevitably more nebulous and controversial when suggesting ways of improving productivity. His proposals range from the use of a single canteen in a plant, floating exchange rates, closer relations between clearing banks and industry, better information and consultation with employees and altered monopolies legislation. But, as he points out, the key factors are a narrow product range and long production runs. This means that companies need to develop strategies which will achieve either long runs of standard products or a range of special products which can be sold at prices providing a high level of value added for the companies and their U.K. suppliers. So it is back to Adam Smith, his pins, and the division of labour.

Labour productivity differences within international companies. By C. F. Pratten. Cambridge University Press. Price £2.75.

U.K. based multi-nationals and others have warned that new worker director legislation in Germany could upset the country's post-war co-operative success. Reporting from Bonn, Adrian Dicks however suggests such fears may prove groundless because trade unions can still help managements.

## Equal say

For the trade unions, the new law in several respects is a disappointing outcome to many years of steady lobbying in Bonn—despite the keen personal interest of the present Chancellor, Herr Helmut Schmidt, who points proudly to Mitbestimmung, as the system is called, is a key part of the country's economic success. German socialists have worked hard to achieve an equal say for workers in running their companies since the 1920s and won their first success when arrangements known as montan-mitbestimmung were set up by the mines in the coal, iron and steel industries 25 years ago. One problem with the new law, however, is that it does not give the unions the parity they have long sought on companies' supervisory boards. Although there will be equal numbers of people sitting on the shareholders side of the table and on the employees' side, the chairman (who in practice, if

will be a senior executive nominated (though not exclusively elected) by his peers. Union leaders are not happy about the senior executive, whom they seem to regard as a sort of Trojan horse likely to take the same view as the bankers, retired executive directors, major shareholders and customers who usually dominate the supervisory boards of West German companies. "We are pleased about the other six members. At present, when many large companies have supervisory boards one-third filled by employees' representatives, these six are likely to be mainly works council chairmen and shop stewards—people with plenty of experience in company affairs, but whose views may not always coincide with those of their national union leaders. Understandably, employees feel that the representatives of the work force ought to be employees themselves. West German employers tend to take employee relations seriously and most will not doubt swallow the cumbersome, expensive process of setting up the electoral

Some German executives say they are afraid of the unions' acquiring so much power over the private sector in case they later break the habits of the post-war era and act in a political way. Far-fetched though it seems to any foreign observer of either the West German Social Democrats or the trade unions, there is unquestionably a certain amount of political mileage in the Right-wing Christian Democratic argument that greater union power over private industry is a step towards Socialism, which is a step towards Communism.

Anyone beguiled by such talk should look at the record of mitbestimmung in the two forms in which it already exists. Indeed, it was ironic that when some newspapers were running stories a few weeks ago about the potential pitfalls of the new Act, others were printing ringing declarations on the 25th anniversary of the coal and steel mitbestimmung system. Initially, the Western allies imposed this system on the two industries as a precaution against clari-

right in the process of determining manpower reduction and increase in mechanisation was possibly an even more important element. It was achieved—and will continue to be exercised—by a system that is closer to the "parity mitbestimmung" than the unions want to see extended to the rest of the economy than are the arrangements about to be set up. Under the system in the coal and steel industries, the employees' and union representatives comprise half the supervisory board and the shareholders' representatives form the other. There is a neutral third party, often an academic industrial relations expert. The employees' and union representatives have the final say over appointment of the labour director—a power which, in several current cases, they have not hesitated to use in hiring and firing executives in quick succession.

The second form in which qualified worker participation

## Bedding company prepares managers for Europe

AN UNUSUAL type of initiative test aimed at improving the end of a four year management training programme are exports as well as building given a return ticket to Germany character has been devised by many, plus a crash course in Silentnight, the bedding company, the language, and then told to pay, for its management go and support themselves in trainees. Young people bearing

The trainees have to obtain their own work permits and find themselves jobs and a place to live. Four young men returned from Germany this summer having completed the project successfully, albeit on a diet of baked beans and sausages. With unemployment relatively high in Germany at present, they reported that their biggest difficulty had been finding work. Accommodation also proved to be expensive—up to £20 a week for a small room. The jobs they eventually took ranged from rolling sample cigarettes at a tobacco factory to planting trees for a local authority.

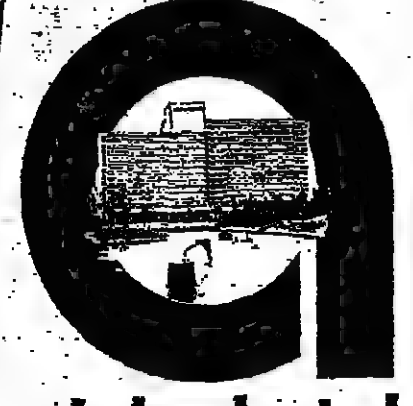
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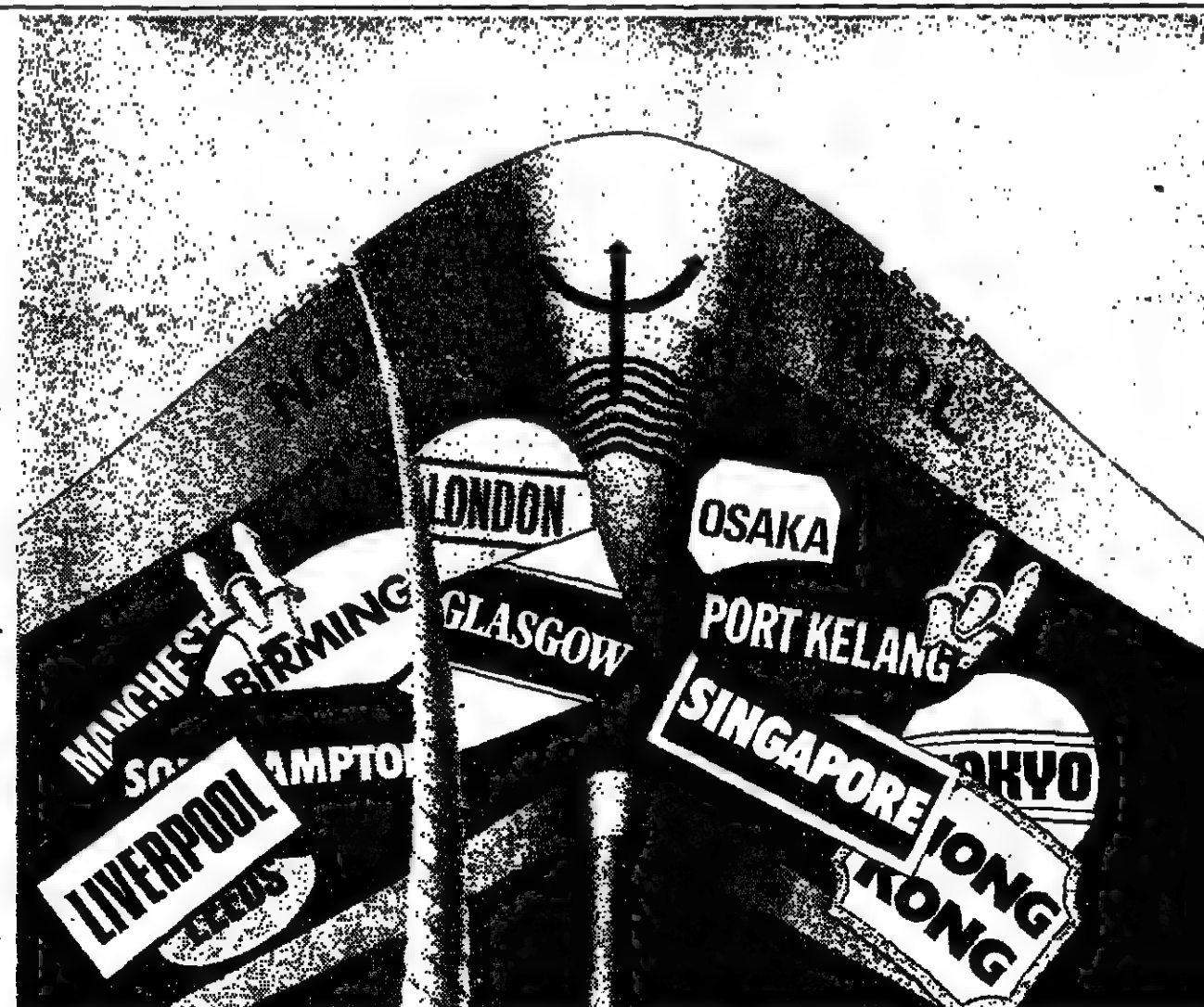
SUMMARY OF RESULTS	1976	1975
Sales	£13,155	£13,556
Profit before taxation	1,546	2,867
Profit after taxation	816	1,207
Earnings of the year attributable to Ordinary shareholders	456	899
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# COMPANY NEWS + COMMENT

## Manchester Ship Canal midway upsurge

FIRST-HALF 1976 pre-tax profit of the Manchester Ship Canal Company improved substantially to £2,300,926, compared with £1,484,943 in the first half last year and is in excess of the £1,000,000 for the year 1975.

Competition continued to be intense, but the company is encouraged by the achievement, says the chairman, Mr. D. K. Redford. "We shall make the most of opportunities if, as we hope, we begin to see some real signs of better world trading conditions," he adds.

Earnings per £1 share for the six months increased from 9.4p to 30.7p, and the interim dividend is lifted from 8p to 6.5p net. Last year's total was £2,688p.

Operating revenue expanded from £7,962m to £10,372m in the first half. Profit includes £438,436 surplus on land sales over valuation.

The slightly stronger trading position in the final quarter of 1975 improved in the first half of 1976.

	1976	1975
Operating revenue	10,372	7,962
Operating profit	2,300,926	1,484,943
Loan & interest income	400,233	303,273
Surplus land sales	438,436	342,323
Profit after interest	3,139,595	2,130,439
Profit	2,724,100	1,728,622
Interest charges, etc.	415,495	401,817
Pre-tax profit	2,308,605	1,326,805
Taxation	1,198,679	714,840
Net profit	1,109,926	611,965
Dividend	65,393	24,496

### comment

The pre-tax profit of Manchester Ship Canal includes £438,436 for profit on land sales. But even if that is stripped out, profits are more than double those of last year. The reasons are that volume has recovered by 3 per cent, there have been no price rises and the labour disputes of 1975 have not recurred. One result of better profits is that the high level of capital expenditure is continuing to increase the services the company provides, well supported by cash flow which has been strong enough both to pay for the expenditure and to improve liquidity. The company's profits this year depend largely on the level of world trade and the prospects look good, in spite of the political climate. Manchester is one of the few major independent ports left and, nationalisation has long been expected, but the port goes on regardless of the threat. Indeed the Minister of Transport indicated last week that nationalisation of the remaining ports may not come for some time. Meanwhile the maximum prospective yield on the shares at 17.5p, up 16p yesterday, is 12.7 per cent, which should be covered more than twice this year.

## New offshoot for Oil Exploration

Oil Exploration (Holdings) has formed a new subsidiary, Oil Exploration (Scotland), which will participate in the search for oil and gas on the U.K. continental shelf and elsewhere.

Authorized capital of the company is £10.5m.

	1976	1975
31st March	1976	1975
Sales (£'000's)	38,170	34,309
Pre-tax profits (£'000's)	1,407	1,199
Net earnings per share	6.10p	5.88p
Gross dividends	22.17p	21.50p

I am hopeful that our results for the year ending 1977 should prove that Rexmore has now consolidated its position in terms of future growth and financial stability. The first quarter's returns from the group indicate that turnover and profits are ahead of the figure for the same period of last year.

A. ROSENBLATT, CHAIRMAN

Designers, Manufacturers and distributors of products for Furniture Manufacturers, Furnishing Stores and Do-it-yourself shops.

## Braham Millar

The 67th Annual General Meeting of the Company will be held at the Savoy Hotel, Strand, London on Wednesday 8th September 1976, at noon. The following is a summary of the Chairman's Review:

TRADING results are even better than the forecast of £650,000 made at the time of the rights issue in February. Profit was increased by 53% over the previous year. Turnover reflected a further penetration of overseas markets with exports rising from 40% to 56% of the total.

PROSPECTS: The enquiry level is encouraging still strongly directed to exports. Profit margins, however, are tending to narrow as the result of intensifying competition. Home demand remains much below normal but enquiry levels are now showing more promise than for some time.

	1976	1975
Turnover	£5,578	4,978
Profit before taxation	789	516
Profit after taxation	368	251
Earnings per 10p share	6.5p	4.5p
Dividends per 10p share	2.08p	1.52p

A vote for five scrip issue is proposed thus attaining Trustee status. Copies of the full Report and Accounts are obtainable from the Secretary, Staysfield Works, Cley Hill, Enfield, Middx., EN2 8JQ.

Braham Millar Group Limited  
Capital goods for industry

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## Scottish Western progress

PRE-TAX REVENUE for the first-half of 1976 of the Scottish Western Investment Company increased from £702,082 to £836,305. The figure for the year 1975 was £1,594,013.

An unchanged interim dividend of 0.3p per 25p share has already been declared. Last year's total was 1.8p, and at least maintenance of that rate has been forecast. Net assets per share increased from 90.2p to 101.2p. Estimated earnings per share for the year 1976 are 1.80 (1.92p) despite the conversion of £3.1 per cent. of the outstanding "B" Ordinary shares, representing an increase of 10.3 per cent. in the Ordinary shares if issue, it is stated.

	1976	1975
Revenue before tax	836,305	702,082
Taxation	239,847	212,778
Pre-tax profit	596,458	489,304
Ordinary dividend	25,125	25,125
Net assets at end June, were	£101.2m	£90.2m
including full dollar premium	45.73 (82) per cent, amounting to	£8.71m. (£8.88m.)

## Grendon to vote on August 31

Holders of the £8.5m-worth of Grendon Trust 11 per cent. Unsecured Loan Stock, 1978-81, will be asked to vote at a meeting on August 31 for an extraordinary resolution to cancel the stock.

After considerable opposition from major institutional holders, the terms of the Scheme were improved last month. The offer is now £40 in cash plus £20 of new 11 per cent. Subordinated Loan Stock, 1978-81, for every £100 nominal of the stock, against £40 cash only originally. Stockholders representing 33.8 per cent. of the votes have indicated that they intend to vote in favour of the resolution, although it will require a majority of not less than 75 per cent. of the votes cast to pass the resolution.

Bankers Keyser Ullmann has agreed to lend facilities available to implement the scheme.

## Outlook at United Gas

CHAIRMAN, Mr. H. T. Nicholson is not disappointed with the results of United Gas Industries so far in the current year.

As known, taxable profit for the year to March 31, 1976 was £1.16m. (£0.82m.) on turnover of £28.83m. (£27.14m.). Although results show "a considerable improvement" in the second half, the chairman states, "Satisfactory features are, a substantial increase in turnover and the large contribution to profit made by overseas subsidiaries. Unsatisfactory features derive from the high cost of all types of energy, and the mid winter, both of which meant that the group's heating appliance companies suffered from lack of demand."

The chairman points out that electricity as a method of heating is not as popular at the moment because of its high cost, and that the loss on trading, while still significant, was very much less than in the previous year. The future of this company can never be satisfactory until electricity comes back into its own as a competitively priced energy source, he says.

One of the departments of Berry Magdalen was a cabinet factory at Bradford which manufactured wooden cabinets for electric and gas fires. It has very little other business and therefore suffered indirectly from the problems in the appliance business. It has therefore been sold.

Leonard Atkinson, who retired as the AGM has decided not to seek re-election.

A statement of source and application of funds shows a net increase in bank indebtedness of £187,000 (£113,000). At July 27 Hanson Trust held 28.34 per cent. of the issued capital. Meeting, Connaught Rooms, W.C., on September 9 at noon.

Winchester London Trust incurred a loss of £38,716, against £24,373, in 1975 subject to exceptional debit of £39,487 (£125,869). Turnover was down from £279,732 to £267,704.

The directors hope to take advantage of a slight improvement in the property market by selling some properties in the coming months and substantially reduce the level of borrowings. At end 1975 group properties appeared at £538,580 (£579,951) and there was a secured loan of £532,492 (£248,371).

Certain quoted investments were sold in March 1976, and there is no intention at present to reinvest in stocks and shares.

The directors feel that the best course of action is to continue to reduce the level of borrowings and then gradually increase the amount of involvement in the group's principal business of property dealing and development.

In this way, the company has the opportunity to trade profitably.

Mr. Hegard and Mr. A. T. "Teddy" Smith (chairman of A.I.) were voted off the Executive Board last week at that company's annual meeting. The day before, A.I. had issued a statement which gave an undertaking to sell the holding provided that Board representation in Morris could be retained until the disposal was completed. The issue now rests with the Office of Fair Trading, which advises the Secretary of State. A.I. is now expected to meet the OFT tomorrow.

Mr. Hegard said that despite having lost representation on the Morris Board, A.I. could still consolidate the holding in its own account. He also said that A.I. retained the right to sell the holding to a single buyer and confirmed that some soundings had been made by third parties. A single buyer would immediately trigger off a full bid and that, depending on the identity of the buyer, could lead to a fresh reference to the Monopolies Commission.

Glasgow Stockholders Trust reports first half 1976 gross revenue up from £274,787 to £291,924, and a pre-tax revenue of £188,551 (£173,435). Gross revenue for the year 1975 was £572,122.

	1976	1975
Gross revenue	£291,924	£274,787
Expenses and interest	103,373	98,342
Pre-tax revenue	188,551	176,445
Taxation	17,351	11,088
Net asset value	£117.11	£117.11

An interim dividend of 0.7p net per £1 share has been declared (0.66p equivalent). Last year's total was equal to 1.5p.

ably once again and it is hoped that moves may then be made to apply for the suspension of the stock exchange quotation to be lifted, says the chairman, Mr. S. G. Jofeate.

There are estimated losses available for tax relief against future profits of £20,000 and of the subsidiaries of £210,000, a total of £230,000. Meeting, Widdowson Hotel, Widdowson Place, S.W., September 2, at 2.30 p.m.

## Phoenix Timber recovery

ON VIRTUALLY unchanged sales of £30.88m., pre-tax profit of £30.88m. Phoenix Timber Co. advanced from £241,000 to £44,000 in the year to March 31, 1976.

When reporting first half profit down from £301,000 to £23,000, the directors forecast some improvement in profit margins during the second half.

Earnings per 25p share for the year increased from 0.3p to 6.3p, and the dividend is stepped up to 3.4p net, against a forecast of maintenance of 3.2p, with a final of 1.5p.

The chairman, Mr. A. B. Gourvitch, says that first three months' trading of the current year have produced exceptionally good results on the basis of which it is expected that group pre-tax profit for first half will exceed that earned for whole of last year.

However, there are so many uncertainties which could affect the second half year, including the proposed cuts in local authorities' expenditure, that it would be premature to forecast trading returns for full year, he adds.

	1975-76	1974-75
General sales	30,880	29,800
Trading profit	3,088	3,114
Depreciation	419	182
Profit before tax	2,669	2,932
Taxation	230	241
Net profit	2,439	2,691
Preference div.	3	3
Ordinary dividend	3.4	3.2
Extra-ordinary dividend	1.5	—
Retained	80	573

### comment

A 38 per cent. cut in second-half interest charges has put Phoenix Timber's profits back on the upward path after 18 months of decline. This has pushed full-year profits up by 68 per cent. pre-tax, despite a 64 per cent. drop in the trading level and a marginal fall in annual sales. The group concentrated on timber stock throughout the year, reducing the year-end figure by roughly £1m to about £7.5m. This was achieved by reducing £800,000 from overall borrowings, dropping them to £3.4m, where they represent 88 per cent. of shareholdings' funds. The scene now is one of re-stocking by the building industry, together with some element of stock profits as softwood prices hardened, are pushing profits along at a fairly fast rate in the current year so far. Although the group with some slackening in the second six months, the chances of further significant recovery look good. The shares, which rose 4p yesterday to 89p, yield 8 per cent., covered 1.5 times.

## A-Industrials on Morris holding

Mr. Par Hegard, deputy chairman and managing director of Amalgamated Industrials, said after the annual meeting, yesterday, that the group would challenge the holding in Morris, under the Fair Trading Act which sought to force the company to dispose of its 38 per cent. holding in Loughborough crans manufacturers, Herbert Morris.

The Monopolies Commission, which decided that the A.I. bid for Morris was "against the public interest," has recommended that the holding be reduced to under 10 per cent. Having been the advice of leading Counsel, the A.I. view is that the Secretary of State for Prices and Consumer Protection could force A.I. to sell only 150,000 shares in Morris, the block that sparked off the bid under the City Code when it was purchased. The bulk of the holding has been held for over four years.

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Mr. Alexander Gourvitch, chairman of Phoenix Timber.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. payment	Total for year	Total for year
Caledonian Trust	0.3	—	0.3	1.4	1.3
Caledonian Trust Int.	0.3	—	0.3	—	1.4
Commercial Union Int.	2.33	Nov. 17	2.33	10	10
E.C. (Holdings)	1.0	Oct. 11	1.0	—	12.87
Phoenix Timber	1.97	—	1.7	3.47	3.2

Dividends shown pence per share net except where otherwise stated.

## Rescue terms for London Indemnity

BY ERIC SHORT

POLICYHOLDERS AND bondholders in London Indemnity are being offered a winding-up plan, the life company's subsidiary of Jessel Securities, are being offered 90 per cent. of their contractual benefits, expected to be October 25. If LIG is wound-up it would be under the Scheme of Arrangement offered by LIG, with the backing of the rescue consortium of 44 insurance companies. Under the Act 1975, 90 per cent. of secured creditors are being offered only what the assets would realise.

The meeting for acceptance will be held on September 7 at Connaught Rooms, Great Queen Street, W.C.2. Policyholders may accept by proxy and acceptance requires a simple majority of policyholders voting, but 75 per cent. by policy value.

See Lex

## Setback for E.C. (Holdings)

PRE-TAX PROFIT for 1975 of E.C. (Holdings), an investment company, decreased from £280,000 to £237,000 including a profit of £80,000, against £85,000, on the sale of properties. An unchanged dividend of 1p net per 25p share is declared. The poor performance has set back the plans for re-lending but in the meantime action is being taken to reduce those group overheads which cannot be justified in the present circumstances, says the chairman.

	1976	1975
Pre-tax profit	237	280
Interest	40	40
Dividend	25	25
Loan under guarantee	10	10
Profit	152	185
Taxation	24	24
Net profit	128	161
Dividend	10	10
Retained	118	151

\* Includes £80,000 (1975, 000) profit on sale of properties. Against unrealised losses and investments. † Debit.

## RECENT ISSUES

### EQUITIES

Issue	Price	Amount	Latest	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	172
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# The Financial Times Tuesday August 10 1976

## Commercial Union well ahead at halfway

Commercial Union Assurance Company, increased from £400.0m to £591.7m, and pre-tax profit advanced from £14.2m to £17m. For the year 1975, premium income was £202.5m, and a pre-tax loss of £10.2m was incurred.

Because of the significant fall in sterling exchange rates results for the first half of 1976 have been restated at the rates prevailing at June 30, 1976, showing premium income £328.3m, and pre-tax profit £11.4m.

Subject to further movement in exchange rates, the growth in premium income in the second half of 1976 is expected to fall off, as the cancellation of unprofitable business takes fuller effect, it is stated.

The company's 25p share price rose to 3.50p, and 2.00p (restated).

An unchanged interim dividend of 2.50p net is declared. Last year's total was 8.94p.

World-wide underwriting results for the first and second quarters of 1976 show a significant improvement over each of the last three quarters of 1975. In the U.K. there is a small underwriting loss, despite the good fire result, mainly due to the severe effect of inflation and cost awards on liability and motor claims.

In the U.S. the statutory operating ratio for the half year was 107.7 compared with 108.8 at the same time in 1975 and 110.0 for the first quarter of 1976. The effect of widespread rate increases and the agency commission programme continue to be reflected in these improved results, the directors state.

The run off of the cancelled business continues to show an improvement, and the underwriting loss of £30.9m, claims of £2m, arising from this cancelled business have been charged to the provision of £15m, set up at December 31, 1975. The statutory operating ratios are not affected by movements in this provision.

Results in Canada improved, while in Australia underwriting losses continued, but at a lower level than a year ago. Results generally in Western Europe are unchanged.

Marine business particularly in the London Market continues to be unprofitable due to lower premium rates caused by competition and increasing repair costs.

Investment income shows only a modest increase over last year at current rates of exchange due to lower short-term interest rates and little new cash being available for investment in 1976.

Non-sterling borrowings were wholly invested outside the U.K., so that the higher sterling cost of interest on these loans is offset by the higher sterling income from these investments.

Next sums assured for the six months increased to £880.7m, (£761.2m and £1,615.2m for the year 1975). New life and annuity premiums were £24.2m, (£22.2m and £29.8m), and new annuities per annum £24.7m, (£23.3m and £44.5m).

Current year's operations to date have benefited from the major orders from Russia negotiated at the end of 1975, and the Board looks forward to considerably improved profit for the current year. Orders made throughout 1975 and 1976 to date have been poor, they state.

The company operates as engineers and ironfounders to rubber, plastic, cable and associated industries.

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## Johnson-Richards working full time

MR. D. H. JOHNSON, chairman of R. and R. Johnson-Richards, says in his annual statement that home market demand has shown some improvement since the beginning of the year and, as a consequence, production has been increased and all U.K. factories in production are now working full time.

The successful introduction of a new range of wall tiles during last year is reported. However, the chairman states that the results from flooring ranges have been disappointing and every effort is being made to develop this potentially rewarding market. The maintaining of sales during the period under review was aided by the success of ceramic tiles.

In the year to March 31, 1976, as already reported, sales rose from £38m. to £41.34m. and profits expanded from £2.8m. to £4.08m. The contribution to profit in the second half was down on that of the first. Profits from overseas subsidiaries, together with evenness in operating costs, increased first half profits beyond those permitted by the price code. Since under the code the company was unable to offset this surplus against previous under recoveries of costs, it was forced to defer a price increase until April 1976, and this meant that continuously rising costs affected profitability to a marked degree in the second half. However, the new code has made provision for monitoring profit margins over a twelve month period in future, so that this anomalous result should not recur. In the meantime a more substantial price increase now appears to be permissible and application was made for this to be implemented on August 2.

As to the demand position in the U.K., Mr. Johnson says, there has recently been some indication of an improving trend in exports which, despite devaluation of sterling and a great deal of effort designed to stimulate sales, then to make a distribution out of this year's operations. Any estimate for the 1977 crop must be as usual, remain very tentative, they tell members, but assuming favourable weather and industrial conditions a production of 38,000 tons could be achieved.

In their interim report the directors of St. Kitts (London) Sugar Factory say that proceeds of the sale of the 1976 sugar will again be subject to local tax and levy legislation. All sugar has now been sold and they expect a satisfactory profit for 1976 which will enable them to make a distribution out of this year's operations. Any estimate for the 1977 crop must be as usual, remain very tentative, they tell members, but assuming favourable weather and industrial conditions a production of 38,000 tons could be achieved.

Investing in International and U.S. oil and gas and related companies with particular interest in the North Sea, through

## VIKING RESOURCES INTERNATIONAL N.V.

Listed on the Amsterdam Stock Exchange. The Quarterly Report as of 30th June, 1976 has been published and may be obtained from

Pierson, Helderling & Pierson N.V., Herengracht 214, Amsterdam

## MINING NEWS

# Gold Fields giving up platinum interests

BY MALCOLM DUMPHREYS

If the current merger proposals for the three holding companies of the world's largest platinum producer, South Africa's Rustenburg Platinum, are passed at the end of this month, the London based Consolidated Gold Fields intends to eliminate its interests therein.

Currently, Gold Fields holds 45 per cent of Rustenburg Platinum, equivalent to 18.55m. shares. Under the merger deal, these would be replaced by 17.37m. shares in Union Platinum, the merger vehicle, on the basis of 211 Unions for every 200 Rustenburg shares. The last named company having a stake of 29.78 per cent, in Rustenburg.

The other Rustenburg holding company, Potgietersrust Platinum, will receive 215 Union shares for every 200 Poles. Gold Fields now says that a substantial investment in a company effectively controlled by others is not always in the company's best interests and has thus decided to eliminate its holding in Unions which it will receive after the merger.

This will be done by transferring to each of Anglo American and Johannesburg Consolidated Investment one quarter of the Union shares with options over the remainder to both companies in equal portions. The transactions will be concluded at a price based on the pre-suspension Johannesburg quotation (prior to the announcement of the merger) of Rustenburg of 245 cents (194p), giving a total value of 23.5m. on Gold Fields stake of some 23.5m.

In return for the platinum holding, Gold Fields will receive a portfolio of other South African shares including substantial blocks of mines administered by the Gold Fields group. In the financial year ended June 30, Gold Fields income from its platinum investment was some £750,000 and with the recent improvement in world demand for the metal and rises in the producer quotation, it would seem that earnings from that source would have risen in the current year.

Although no disclosure is made as to which companies' shares Gold Fields will receive, either mining or industrial, any addition to gold holdings at the present time would seem a detrimental move during a period of falling dividend payments and instability in the bullion price, especially at the expense of platinum. No doubt Gold Fields is looking to the longer term. The latter's shares were 142p yesterday.

## FALCONBRIDGE TURNS CORNER

Thanks to higher metal prices and increased operating efficiency,

second quarter earnings of Canada's Falconbridge Nickel came out at \$3.7m. (\$2.08m.) or 73 cents (\$2.4p) a share compared with a loss of \$791,000 for the first three months. This brings the total for the year to date to \$2.1m. (\$1.64m.) or 59 cents (\$3p) compared with \$4.23m. or 85 cents for the first six months of 1975.

The company recently announced the reactivation of the 69m. (\$38.7m.) smelter environment improvement programme at Falconbridge, Ontario and the completion of sinking of the Fraser shaft, on the north rim of the Sudbury Basin. Work on these projects was suspended in November, 1975, as part of a programme cutback at Sudbury operations.

## Amal. Tin and July outputs

IN THE CIRCULAR containing full details of the proposed offer whereby the State-owned Nigerian Mining Corporation will acquire a 40 per cent stake in Amalgamated Tin Mines of Nigeria, the wholly-owned operating subsidiary of Amalgamated Tin Mines of Nigeria (Holdings), the chairman of the last named company, Mr. D. R. Mitchell, says that it is reasonable to assume that profits for the year to last March will be "substantially below" the £2.67m. for 1974-75.

As known, NMC proposes to take a 40 per cent stake in ATMN at a price of 40 kobo (35p) per 50 kobo share, total consideration being Naira 900,000 (\$524,800).

Meanwhile, in the July tin concentrate outputs of the London

group's 51 per cent owned Rio Algom has a 68.5 per cent stake in Lornex, a 20 per cent holding in the last named company being held by Yukon Consolidated.

Yukon were 121p yesterday. Also in Canada, the Anglo American Corporation group's Hudson Bay Mining and Smelting turns in net earnings for the first half of 1976 of \$7.7m. (\$4.11m.) or 73 cents (\$4.9p) a share compared with \$14.75m. or \$1.48 for the same period a year previously. This reflects an improvement in second-quarter earnings to \$6.46m. or 68 cents a share.

Francisco Oil and Gas, in which Hudbay has a 35 per cent interest, reports that the cash flow and earnings of Trend Exploration (57 per cent held by Francisco) will be adversely affected by proposed changes in the oil production sharing contract between Trend and the Indonesian Government.

The latter will increase the Government's share of profits to 55 per cent, effective January 1, 1977, and will require contractors to amortise their capital investment over a period of years in lieu of the year of expenditure. In addition, contractors will be required to provide a substantial special payment to the Government in respect of current year production.

## MINING BRIEFS

MOUNT ISA MINES—Production for the period July 1 to August 1, 1976, was 11,800 tonnes of lead, 16,800 tonnes of zinc, 1,800 tonnes of copper, 1,800 tonnes of silver, 1,800 tonnes of gold, 1,800 tonnes of nickel, 1,800 tonnes of cobalt, 1,800 tonnes of molybdenum, 1,800 tonnes of vanadium, 1,800 tonnes of tungsten, 1,800 tonnes of niobium, 1,800 tonnes of tantalum, 1,800 tonnes of tin, 1,800 tonnes of antimony, 1,800 tonnes of arsenic, 1,800 tonnes of selenium, 1,800 tonnes of tellurium, 1,800 tonnes of bismuth, 1,800 tonnes of cadmium, 1,800 tonnes of mercury, 1,800 tonnes of platinum, 1,800 tonnes of palladium, 1,800 tonnes of rhodium, 1,800 tonnes of iridium, 1,800 tonnes of osmium, 1,800 tonnes of ruthenium, 1,800 tonnes of rhenium, 1,800 tonnes of hafnium, 1,800 tonnes of zirconium, 1,800 tonnes of niobium, 1,800 tonnes of tantalum, 1,800 tonnes of tin, 1,800 tonnes of antimony, 1,800 tonnes of arsenic, 1,800 tonnes of selenium, 1,800 tonnes of tellurium, 1,800 tonnes of bismuth, 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MARKETING AND RAW MATERIALS

NFU protest at research station's cut

THE GOVERNMENT'S decision to close the horticultural research station at Wellesbourne, Warwickshire, has been met with "astonishment and anger" by the National Farmers' Union yesterday.

Closure of the Cleppa Park station, owned and operated by the Ministry of Agriculture, Fisheries and Food, was announced as part of the Ministry's contribution to the public spending cuts, said Mr. John Burton, vice-chairman of the NFU Central Executive Committee, said it could only be a "disaster" for the industry.

Mr. Burton said the station had been a "major asset" to the industry for many years, and its closure would be a "setback" to the industry's research and development work.

Decision on whale catch deferred again

TOKYO, August 9. — JAPAN'S decision to defer the decision on whether to allow a commercial whaling fleet to operate in the North Pacific has been deferred again, according to a Fisheries Agency official.

Talks opened here on August 8 between Japanese and Soviet officials to discuss the proposed whaling fleet, which would consist of 100 vessels and 10,000 crew members.

The Japanese government has been seeking a "reasonable" quota for whaling in the North Pacific, but the Soviet Union has insisted on a "zero" quota.

Big fall in Nigerian groundnuts

LAGOS, August 9. — GROUNDNUT prices in Nigeria during 1975-76 buying season, totalling 42,000 tonnes, compared with 161,000 tonnes in 1974-75, according to official figures just published here.

The sharp decline was attributed to a large number of crops which were destroyed by drought in 1975.

Meanwhile, the federal government has bought groundnuts for export, worth about 10,000 tonnes, according to official figures.

Metal markets rally after new downturn

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL prices continued their downward trend in early trading on the London Metal Exchange yesterday, but rallied in afternoon trading. As a result, copper cash wirebar closed only £13.50 at 12.47, a tone after having fallen to £13.30. Tin suffered further losses, following a sharp setback in the Penang market over the weekend and the cash price closed £78.50 down at £24.85, a tone after having fallen by £15.75 last week.

However, lead and zinc prices advanced the day higher, despite falling in the morning before rallying sharply encouraged by the turnaround in copper.

The market largely ignored another rise in copper stocks held in LME warehouses, up by 1,300 tonnes to a record total of 59,500 tonnes since it was in line with expectations. However, there was a heavy stop-loss selling in the afternoon, which was followed by a continued build up of stocks both in Europe and New York.

Although special features, such as the disposal of Zambian supplies diverted earlier to the U.S. market, have helped the stocks increase, evidently consumers do not see the need during the summer months for rebuilding stocks.

In these circumstances it seems unlikely that U.S. copper producers will attempt to raise prices again until there are further signs of a real recovery in demand. At 74 cents a pound, it is claimed that most U.S. producers are making profits, except for the high cost mines, although a much higher price will be needed to justify investment in new capacity.

It now appears the move towards a higher level may well be delayed until at least the last quarter of the year, unless the cost of carrying surplus stocks proves too burdensome to the financial institutions, and consumer restocking is likely to accelerate during the first quarter of 1977 bearing in mind that the 1977 labour contracts for U.S. copper workers expire next summer.

Uncertainty still exists as to whether the U.S. zinc producers' price increase announced by Texasgulf, and subsequently followed by other suppliers, will be followed by other suppliers. Recent moves by the U.S. Justice Department against alleged price fixing violations has caused some nervousness among producers about announcing price rises too close to each other, and some companies still feel that the market is not in a position to absorb competitive U.S. market is not strong enough yet to sustain a price increase. The rise in U.S. zinc producer stocks in July, just announced, is hardly encouraging.

However, it was pointed out that on cost justification terms, the increase should be in the order of 5 cents a pound instead of the 3 cents to 40 cents by Texasgulf. One leading producer claimed that new investment required for production of one pound at current values to be worthwhile undertaking.

The rise in LME zinc stock of 3,250 to 90,825 tonnes had little impact on the market since it had been anticipated; so had the fall of 2,650 to 79,575 tonnes in the last week (the ninth of the month). The stocks showed only a marginal change, up by 45 to 7,985 tonnes. But the market was depressed initially by the fall of nearly \$225 to \$21.20 a pound in the Straits Settlements, and from there the decline was attributed mainly to the absence of some support buying, believed to be on behalf of the buffer stock of the Tin Agreement, presumably aimed at slowing down the recent sharp falls.

Values in London rallied in later trading following the trend in other metals. But there is some nervousness about the moves in the U.S. Senate to authorise further stockpile sales of 20,000 tonnes of tin and 118m. ounces of silver.

Russia may buy EEC skim milk

BY OUR COMMODITIES STAFF

EEC COMMISSION officials were treating with caution yesterday reports that the Soviet Union has bought 35,000 tonnes of skimmed milk powder from the Community's 12m. tonnes stockpile.

The reports, which originated from Paris market sources, were the first since the EEC intervention price was lowered last week to 12.50 francs a kilo.

Providing it is only used for animal fodder the powder would not be sold to the USSR at a price cheaper than any other importing country would be given, officials emphasised.

In any case the milk powder would not be sold to the USSR at a price cheaper than any other importing country would be given, officials emphasised.

Earlier, trade sources in Brussels had reported that the Commission has said informally it will try to decide by mid-September how to end the scheme for making EEC animal milk powder in their products.

The Commission seems to have accepted that to declare a closing date for the scheme once it is clear that the 400,000 tonnes target of milk powder will be bought could cause speculation and a possible interruption of normal protein supplies to consumers, they said.

Commission sources declined to comment, but said Mr. Pierre Lardinois EEC Farm Commissioner has repeatedly stated the scheme will end when 400,000 tonnes of the EEC milk powder stocks have been bought.

Trade sources said the most likely solution is that the Commission will declare the scheme at an end retroactively, and only after it is sure that the full amount has been sold. This could be mid-November or later before a date for the end of the scheme is officially fixed, they said.

Under this formula the Commission would automatically repay deposits made two weeks or a month before the date declared for the end of the scheme.

The sources said, however, there remains a great many technical details to be worked out. It is quite possible that a new deal will be devised before September.

Cocoa price rise continues

BY OUR COMMODITIES STAFF

COCOA VALUES on the London terminal market made further ground yesterday with the December position closing 100 higher at £1,222.5 a tonne. Friday night's rise in New York meant that the London market was due to open £12.20 higher. But within the first minute of trading the 530 permissible limit was reached and prices went higher again when dealing was re-started.

There was wide speculation about the September position, which was reached a peak of £1,223 a tonne at one time.

Dealers saw the rise mainly as reflecting charter considerations, though the announcement of a 7.5 per cent rise in Belgium second quarter grindings may have had a marginal upward influence. Continued lack of producer selling was an important factor in the advance, especially as Ghana's report on the 1976-77 season was not expected until Friday.

In Accra meanwhile the Ghana Cocoa Marketing Board said purchases of mid-crop cocoa last week (the ninth of the month) are estimated at 470 tons bringing the cumulative total of 6,238 tons against 4,375 after nine weeks last year.

World sugar values reached new five-month lows yesterday with the December position on the London terminal market falling 1.5 to £14.75 a tonne. The U.S. National Sugar Association's report on the 1976-77 season was not expected until Friday.

In Bonn a Sugar Industry Association spokesman said the result of the first West German sugar beet harvest was an average crop weight of 400 grammes against 475 grammes at this stage last year, and a sugar content of 12.6 per cent, (down from 13.6 per cent).

U.S. GRAIN Ample maize supply in prospect

BY JOHN EDWARDS, RECENTLY IN CHICAGO

FURTHER EVIDENCE that the U.S. is likely to have a bumper maize (corn) crop this year was provided yesterday by private forecaster Conrad Leslie of Chicago. Based on conditions as of August 1, Leslie predicts U.S. maize production will reach a record high of 3,570m. bushels compared with last season's peak of 3,570m. bushels. The estimate is based on average yield of 87.9 bushels per acre. Last year's yield was 86.6 bushels. The official U.S. Department of Agriculture's July 1 estimate of a 6.55m. bushel crop was based on a yield of 90.5 bushels—a high figure, but still well below the record yield of 97.1 bushels achieved in 1972.

In London yesterday the British National Cereals Office (NCO) in Paris puts France's soft wheat harvest at around last year's 14.2m. tonnes level despite a rise from 3.55m. to 4.15m. hectares in the area sown. On a same area sown as last year the barley crop is forecast at 7.77m. tonnes compared with 8.24m.

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soyabean supplies will be scarce by the end of the season, there has been a fall in processing demand recently following the sudden price boom that has subsequently collapsed.

Winter wheat production has made a remarkable recovery from the drought conditions in some main growing areas and Leslie now estimates the crop at 1.53m. bushels—the second highest crop ever only exceeded by last year's 1.65m. bushels. The July 1 USDA winter wheat forecast was 1.53m. bushels.

Generally U.S. traders foresee an ample world supply of wheat, with virtually all main producing areas likely to have the crop adequate even with the exception of the drought-stricken Australian crop.

It is felt that Europe will have adequate wheat supplies, despite the drought that has really only badly hit spring-sown crops, notably barley. U.S. traders foresee a surplus of wheat in the world, with virtually all main producing areas likely to have the crop adequate even with the exception of the drought-stricken Australian crop.

India expects bigger tea crop this year

MADRAS, August 9. — INDIA'S tea production in 1976 is likely to total 500m. kilos against 477m. last year, depending on good rainfall throughout this month and September, Mr. T. S. Ranga, Tea Board chairman, said.

Tea exports are expected to be worth 2,800m. rupees in 1976 compared with 2,400m. in 1975.

Mr. Ranga said January-June 1976 production in South India was 30m. kilos less than last year due to poor rains, but output in north India rose 15m. kilos.

Marked recovery in commodity price

BY OUR OWN CORRESPONDENT

COMMODITY PRICES staged a marked recovery in the first half of this year with cocoa and coffee above previous record levels reached in 1974. The UN conference on trade and development (UNCTAD) reported today.

The UNCTAD combined index, expressed in current dollars, rose from 199 in January to 248 at the end of June, with 1968 equalling 100.

However, if account is taken of the increase in the index of prices of manufactures on the world market, the real price of commodities, excluding petroleum, exported by the developing countries fell by approximately 10 per cent. over the period.

The food group showed an increase of some 30 per cent, with the index rising from 242 in January to 313 at the end of June. Cocoa, reaching 810/80, per pound in June, reached an all-time peak level, with the increase "due primarily to the weakening of sterling". Coffee prices also reached unprecedented levels, climbing in June to 148 cents a pound, against an average of 88 cents per pound in August, 1975, when the previous sharp rise occurred.

Agricultural raw materials rose steadily during the first half of the year, with the index moving

up from 187 in January to 230 in June. Wool prices rose by 20 per cent, and natural rubber prices rose 30 per cent.

Ores and metals also climbed, from an index rating of 138 in January to 182 during the six-month period. Copper prices jumped by 50 per cent, while those for lead rose by 40 per cent. Zinc registered a 24 per cent. gain and tin an increase of 40 per cent.

Vegetable oils and oils were the only commodities whose index failed to advance. Unctad stated. The main reason, it said, was the abundance of supply, particularly the large soyabean crop in the U.S. and Brazil, and India's record groundnut harvest.

COMMODITY MARKET REPORTS AND PRICES

...the London Metal Exchange...  
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PUBLIC NOTICES

Computers and Privacy

The Government has appointed the Data Protection Committee to advise it on:  
1. A set of objectives, to set standards governing the use of computers, that handle personal information; and  
2. A permanent statutory agency to oversee the use of computers, in both the public and private sectors, to ensure that they are operated with proper regard for privacy and with the necessary safeguards for the personal information which they contain.

The Committee invites written evidence, by the end of October 1976, to be sent to:

The Secretary, Home Office, Data Protection Committee, Keighly House, 41-42 Oxford Street, London W1R 2HT.

LEGAL NOTICE

No. 00026 of 1976  
IN THE HIGH COURT OF JUSTICE  
IN AND UNDER THE COURT OF  
Masters of the Supreme Court  
NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above-  
named Company, by the said Court by  
virtue of the provisions of the Companies  
Act, 1948, presented to the said Court by  
OUTAULDS LIMITED whose registered  
office is at 10, Market Street, London  
E1C 2BB, Petitioner, and the said  
Company is directed to be wound-up  
under the provisions of the Companies  
Act, 1948, on the 11th day of October  
1976.

PERSONAL

HELP US to keep advertising honest. Write to your firm or the main points of the...  
...the said Company desirous to support...  
...the said Company desirous to support...  
...the said Company desirous to support...

CORPORATION LOANS

INVEST IN LUTON BOROUGH COUNCIL BONDS  
MINIMUM £1000  
PERIOD 5 YEARS  
with facilities for early repayment  
Borough Treasurer, 11 Town Hall, Luton. Tel: 0582 31291

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COFFEE

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RUBBER

UNCERTAIN opening on the London physical market. Outen throughout day...  
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GRAINS

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MEAT/VEGETABLES

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weakening trend

COPPER closed lower on Commission House...  
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## New Account in equities commences on a dull note Index down 3.4 at 369.9—Commercial Union disappoint

### Comm. Union down

Home Banks adopted a downward drift in idle trading before ending a shade above the day's worst. National Westminster were finally 7 down at 206p xd, after 205p xd, with the new nil-paid 3 easier at 22p premium. Barclays lost 6½ to 345p. xd, Midland 5 to 250p xd, and Lloyds

**Racial decline**

ICI ended 2 off at 350p, after 349p. Elsewhere in Chemicals, Coats and Chemical lost a fraction more at 14p on the possibility that its Derbyshire herbicide plant may not be reopened.

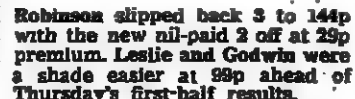
412p., after 410p. **Blackwood**, Porter Chadburn gave up 4 to 57p. while both Whessoe, 43p. and G. W. Fifth, 46p. shed 3 apiece. Linread were also lowered 3, to 20p. along with Herbert Morris which closed at 101p. Still reflecting the Canadian subsidiary's troubles, **Blackwood** Hodge cheapened 2 more to 102p. after 104p. **Black** = highest rate, weak.

Land were that amount easier at 33p. Capital and Counties were a fraction harder at 15p on the preliminary statement. Only secondary issues provided a bright spot in Peachey Property, where renewed take-over speculation which continued "after hours" left the shares with a rise of 4 at 33p. Great Portland Estates

of 3 were sustained by Family Investment, 43p. Winterbottom, 153p, and International Investment Trust of Jersey, 115p. On the other hand, Hambro Trust, 24p xd, and R. Kitchen Taylor, 82p, put on 1 and 2 respectively.

- Apart from P. & O. Deferred, 2 better at 103p following Press

Among the heavyweight  
Randfontein held steady  
on consideration of the ge  
of the company's uranium  
mining programme, while Vaal  
and St. Helena were be  
highest at the common bid



**These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries**

FIXED INTEREST			Monday, August 9		Friday August 9	Thurs. August 9	Wed. August 8	Tuesday August 8	Monday August 8	Friday July 29	Thurs. July 29	Year ago (approx.)	Size: Completion				
			Index No.	Yield %										High	Low	High	Low
1	Consols 2½% yield ...	...	—	14.08	14.06	14.06	14.05	14.14	14.14	14.12	14.12	14.22	—	—	—	—	
2	20-yr. Govt. Stocks (8)...	...	48.63	13.27	48.65	48.71	48.60	48.12	48.19	48.53	48.50	49.37	52.45 (30/1)	47.56 (2/4)	116.43 (116/5)	50.37 (50/5)	
3	30-yr. Red. Deb. & Loans (15)	...	50.22	14.72	50.33	50.22	50.53	50.53	50.53	50.53	50.51	47.73	52.45 (30/1)	46.56 (2/4)	118.43 (118/4)	57.01 (57/0)	
4	Investment Trust Prefrs. (15)	...	48.64	14.17	48.63	48.63	48.63	48.58	48.66	48.66	48.28	58.98	51.25 (51/2)	45.43 (45/4)	114.41 (114/4)	54.46 (54/4)	
5	Coml. and Indl. Prefrs. (20) ...	...	58.94	13.77	58.44	58.35	58.40	58.35	58.41	58.34	58.39	66.58	113.77 (113/7)	62.57 (62/5)	121.03 (121/3)	67.57 (67/5)	
Section or Group			Base Date	Base Value		Section or Group		Base Date	Base Value		A list of the constituents of the FT-Average						
Overseas Traders			3/12/74	100.00		Food Retailers			2/12/75	100.00		Share Index 3 see available from the publisher					
Engineering (Heavy)			3/12/72	133.24		Insurance Brokers			2/12/67	94.57		the Financial Times, Broken News, General News,					
Engineering (General)			3/12/72	133.34		Mining Minors			2/12/67	100.00		London, SCOP & Co., price list. By post 2s.					
Wines and Spirits			1/1/70	140.78		All Other			3/12/67	333.49		of the value of the FT-Average					
Tobacco and Games			1/1/70	133.72		2 Redemption yield.			FT-Averages		from FT Business Estimates Ltd., Bank Court, London.						
Office Equipment			1/1/70	132.34		as calculated by Excel			Communications Limited		ECL. It gives all group and sub-section indices at						
Industrial Group			3/12/70	122.31		of the Exchange Telegraph Group			on an		fourteens intervals since the start of the series in						
Investment Finance			3/12/70	122.31		1962 with all intervening corrections. Dividends and			earnings figures are also included.								
Food Manufacturing			2/12/67	124.13		1974 JTO computer.											

## ACTIVE STOCKS

Cons. Gold Fields 23p 5 142 — 220. 142  
The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).  
\* Premium.

Industrials	R.H.I.	17	Midland Bank	28	Cap. Countries	3
	Flitch Lovell	12	SwfWest Bank	30	E.L.	5
A. Brew	6 1/2	Geo. Accident	"Du" Warrants	70	Int. Europe	7
A. F. Cement	15	Geo. Electric	P.O. Del.	11	Land Securities	14
Assoc Leasing	3	Glyn	Plessey	7	NEPC	6
BSN	8	Harold Mac	R.H.I.	5	Peabody	6

## MONEY MARKET

Aug. 9-1976	Stearns Certificate of deposits	Interbank	Loan Authority deposits*	Local Authority negotiable bonds	Finance House deposits	Company deposits	D
100.00	—	101.20	—	—	—	101.10	100.00

Banks 100,000 U.S. Dollars		Activities July-Dec. 1952.		S.E. ACTIVITY	
March 12-31, 52		April 1-30, 52		June 1-30, 52	
HIGHS AND LOWS		Source-Compilation			
	High	Low	High	Low	
Curr. accs.	563.21	60.19	127.55	49.18	Daily
	(300.17)H	(2.17)L	(131.79)	(31.79)	Gift-Edgewood
			132.40	50.83	Indust. Inc.
Fixed Inv.	54.43	56.75	56.75	50.83	Speculation
	(54.43)	(2.17)L	(56.11)H	(51.75)	Treasury
					U.S. Gov't
Int. Debt	490.85	264.7	543.6	49.4	Gift-Edgewood
	(246.9)	(266.76)	(196.78)	(56.60)	Indust. Inc.
Gold Mines	546.9	57.2	448.3	43.6	Speculation
	(21.75)	(62.78)	(450.75)	(10.77)	Treasury

of 3 were sustained by Family Investment, 43p, Winterbottom, 133p, and International Investment Trust of Jersey, 115p. On the other hand, Hambro Trust, 14p, and R. Kitchen Taylor, 10p, were down. Among the heavyweight Randfontein held steady at

lower at 184p while Se Trust gave up a further 1-year's low of 420p.

The weakness of the price caused a reactive Copper, with Minors 18

**BASE LENDING RATES**

Allied Irish Banks Ltd.  
American Express Bank  
Bank of Communications, Dublin

CHEMICALS (3)  
 DRAPERY & STORES (2)  
 ELECTRICALS (7)  
 ENGINEERING (1)  
 INDUSTRIALS (10)

Foreign Bonds	4	8	40
Industrial	198	199	1,159
Financial and Prop.	50	143	378
Life	5	10	22
Marine	3	4	35
Other	15	53	74

banks opened at 10½-10¾ per cent. and stayed at 10½-10¾ per cent. until mid afternoon when rates rose to 11½-11¾ per cent. with some business seen at 20 per cent. Short-term fixed period interest rates

**INSURANCE BAS  
RATES**  
Atlantic Assurance

1990



include a premium, when  
are in place unless otherwise  
d. \* shown in last column  
ing expenses a offered price  
expenses. b Today's price  
on offer price d Estimated  
ins price b Distribution (a  
a offered price include a  
cept agent's commission  
include all expenses of  
managers, a Premium sta-  
tax on realized capital gain  
by c of Guernsey, yield  
Single premium insurance



## INVESTMENT OPPORTUNITIES

Your investment success is dependent on (1) opportunities available, (2) market timing. The bull markets are under way in commodities and metals, providing the opportunities, and our weekly chart service is unbeatable for market timing. Send for a single issue, £3; eight week trial, £15; or one year subscription, £75. To CHART ANALYSIS LIMITED, 194-200 Bishopsgate, London EC2M 4PE.

## BRITISH FUNDS

1970	Stock	Price	Div.	Yield
100	100	100	100	100
101	101	101	101	101
102	102	102	102	102
103	103	103	103	103
104	104	104	104	104
105	105	105	105	105
106	106	106	106	106
107	107	107	107	107
108	108	108	108	108
109	109	109	109	109
110	110	110	110	110
111	111	111	111	111
112	112	112	112	112
113	113	113	113	113
114	114	114	114	114
115	115	115	115	115
116	116	116	116	116
117	117	117	117	117
118	118	118	118	118
119	119	119	119	119
120	120	120	120	120

1970	Stock	Price	Div.	Yield
121	121	121	121	121
122	122	122	122	122
123	123	123	123	123
124	124	124	124	124
125	125	125	125	125
126	126	126	126	126
127	127	127	127	127
128	128	128	128	128
129	129	129	129	129
130	130	130	130	130
131	131	131	131	131
132	132	132	132	132
133	133	133	133	133
134	134	134	134	134
135	135	135	135	135
136	136	136	136	136
137	137	137	137	137
138	138	138	138	138
139	139	139	139	139
140	140	140	140	140

1970	Stock	Price	Div.	Yield
141	141	141	141	141
142	142	142	142	142
143	143	143	143	143
144	144	144	144	144
145	145	145	145	145
146	146	146	146	146
147	147	147	147	147
148	148	148	148	148
149	149	149	149	149
150	150	150	150	150
151	151	151	151	151
152	152	152	152	152
153	153	153	153	153
154	154	154	154	154
155	155	155	155	155
156	156	156	156	156
157	157	157	157	157
158	158	158	158	158
159	159	159	159	159
160	160	160	160	160

1970	Stock	Price	Div.	Yield
161	161	161	161	161
162	162	162	162	162
163	163	163	163	163
164	164	164	164	164
165	165	165	165	165
166	166	166	166	166
167	167	167	167	167
168	168	168	168	168
169	169	169	169	169
170	170	170	170	170
171	171	171	171	171
172	172	172	172	172
173	173	173	173	173
174	174	174	174	174
175	175	175	175	175
176	176	176	176	176
177	177	177	177	177
178	178	178	178	178
179	179	179	179	179
180	180	180	180	180

1970	Stock	Price	Div.	Yield
181	181	181	181	181
182	182	182	182	182
183	183	183	183	183
184	184	184	184	184
185	185	185	185	185
186	186	186	186	186
187	187	187	187	187
188	188	188	188	188
189	189	189	189	189
190	190	190	190	190
191	191	191	191	191
192	192	192	192	192
193	193	193	193	193
194	194	194	194	194
195	195	195	195	195
196	196	196	196	196
197	197	197	197	197
198	198	198	198	198
199	199	199	199	199
200	200	200	200	200

1970	Stock	Price	Div.	Yield
201	201	201	201	201
202	202	202	202	202
203	203	203	203	203
204	204	204	204	204
205	205	205	205	205
206	206	206	206	206
207	207	207	207	207
208	208	208	208	208
209	209	209	209	209
210	210	210	210	210
211	211	211	211	211
212	212	212	212	212
213	213	213	213	213
214	214	214	214	214
215	215	215	215	215
216	216	216	216	216
217	217	217	217	217
218	218	218	218	218
219	219	219	219	219
220	220	220	220	220

1970	Stock	Price	Div.	Yield
221	221	221	221	221
222	222	222	222	222
223	223	223	223	223
224	224	224	224	224
225	225	225	225	225
226	226	226	226	226
227	227	227	227	227
228	228	228	228	228
229	229	229	229	229
230	230	230	230	230
231	231	231	231	231
232	232	232	232	232
233	233	233	233	233
234	234	234	234	234
235	235	235	235	235
236	236	236	236	236
237	237	237	237	237
238	238	238	238	238
239	239	239	239	239
240	240	240	240	240

1970	Stock	Price	Div.	Yield
241	241	241	241	241
242	242	242	242	242
243	243	243	243	243
244	244	244	244	244
245	245	245	245	245
246	246	246	246	246
247	247	247	247	247
248	248	248	248	248
249	249	249	249	249
250	250	250	250	250
251	251	251	251	251
252	252	252	252	252
253	253	253	253	253
254	254	254	254	254
255	255	255	255	255
256	256	256	256	256
257	257	257	257	257
258	258	258	258	258
259	259	259	259	259
260	260	260	260	260

## FT SHARE INFORMATION SERVICE

## CANADIANS

1970	Stock	Price	Div.	Yield
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10
11	11	11	11	11
12	12	12	12	12
13	13	13	13	13
14	14	14	14	14
15	15	15	15	15
16	16	16	16	16
17	17	17	17	17
18	18	18	18	18
19	19	19	19	19
20	20	20	20	20

## BUILDING INDUSTRY—Continued

1970	Stock	Price	Div.	Yield
21	21	21	21	21
22	22	22	22	22
23	23	23	23	23
24	24	24	24	24
25	25	25	25	25
26	26	26	26	26
27	27	27	27	27
28	28	28	28	28
29	29	29	29	29
30	30	30	30	30
31	31	31	31	31
32	32	32	32	32
33	33	33	33	33
34	34	34	34	34
35	35	35	35	35
36	36	36	36	36
37	37	37	37	37
38	38	38	38	38
39	39	39	39	39
40	40	40	40	40

## DRAPERY AND STORES—Continued

1970	Stock	Price	Div.	Yield
41	41	41	41	41
42	42	42	42	42
43	43	43	43	43
44	44	44	44	44
45	45	45	45	45
46	46	46	46	46
47	47	47	47	47
48	48	48	48	48
49	49	49	49	49
50	50	50	50	50
51	51	51	51	51
52	52	52	52	52
53	53	53	53	53
54	54	54	54	54
55	55	55	55	55
56	56	56	56	56
57	57	57	57	57
58	58	58	58	58
59	59	59	59	59
60	60	60	60	60

## ENGINEERING—Continued

1970	Stock	Price	Div.	Yield
61	61	61	61	61
62	62	62	62	62
63	63	63	63	63
64	64	64	64	64
65	65	65	65	65
66	66	66	66	66
67	67	67	67	67
68	68	68	68	68
69	69	69	69	69
70	70	70	70	70
71	71	71	71	71
72	72	72	72	72
73	73	73	73	73
74	74	74	74	74
75	75	75	75	75
76	76	76	76	76
77	77	77	77	77
78	78	78	78	78
79	79	79	79	79
80	80	80	80	80

## ELECTRICAL AND RADIO

1970	Stock	Price	Div.	Yield
81	81	81	81	81
82	82	82	82	82
83	83	83	83	83
84	84	84	84	84
85	85	85	85	85
86	86	86	86	86



the Financial Times Tuesday August 10 1976

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# FINANCIAL TIMES

Tuesday August 10 1976



## Middle Eastern bank may take Bates stake

BY MARGARET REID

A MIDDLE EAST bank may take a stake in Edward Bates and Sons (Holdings), the troubled merchant bank in which Arab interests already have a 26 per cent. holding and whose future is being urgently discussed by the Bank of England.

A statement on Bates' future sent on the Board by the confirming its continuance, very possibly in revamped form, is necessary backing for its influential and wealthy investors from the Bank of England and others, may come in the next few days.

This will follow the recent completion of an investigation by accountants Price Waterhouse of Bates' difficulties, which are believed to flow from its loans to the troubled tanker and property industries.

The inquiry, which is believed to reveal an unhappy picture, was commissioned in May when Bates' share quotation was suspended.

A stand-by loan facility to protect depositors, who have £67m. in Bates, an authorised bank, was then made available by the Bank of England and First Arabian Corporation, owned by Saudi Arabian and other Middle East investors — which owns the 26 per cent. share

of financial support in some form or another. But in line with its normal policy where banks partly owned from abroad face troubles, the Bank of England is thought to expect First Arabian Corporation to give further backing to Bates.

In addition, since First Arabian has only been in existence two or three years, it is widely believed in the City that the Bank of England would like to see another bank, very possibly one based in the Gulf area, take some share in Bates. This could form part of Bates' expected revamping which can also be expected to involve certain changes in top management.

Bates, which lost £15.3m. in 1974-75, largely because of its disastrous investment in Welfare Insurance, returned to profitability with a £298,000 profit in the six months to September 1975. But problems with its loans, which include a sizeable one to Raglan Property Trust and others to the troubled Colson's Shipping group, inevitably overshadow the more recent period. It seems likely that substantial provisions will be needed against the loan portfolio,

## 'Buy British' call to save shipyard jobs

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE GOVERNMENT has presented the British shipping industry with a graphic picture of the steady rundown affecting the country's shipyards in a bid to encourage more owners to buy British.

More than 200 shipping companies yesterday received a table prepared by the Department of Industry showing the availability of new building berths. This indicates that virtually every major shipbuilding company soon to be nationalised is in urgent need of preparatory work to keep design staff occupied and that some already had vacant berths.

The implication of the table is that once the holiday season is over, one or two companies may be unable to staff off-redundancies. In the longer term several more will have to start cutting staff early. That is probably just after they become the responsibility of British Shipbuilders, assuming the Government's nationalisation legislation goes through.

Scott Lithgow, increasingly looks like one of the first candidates for cuts. The Government's table shows that it has three berths immediately available and although a two-ship order recently taken from ship operation. Talks are still going on with the Government and the company is clearly going to have to keep all of its 8,200-strong workforce occupied on the Lower Clyde.

Moreover, there is a serious uncertainty over one of Scott Lithgow's orders for a dry dock, while only a complete solution to Maritime Fruit Carriers' financial crisis will ensure the building of the second of two oil tankers it has ordered with the Clydebank shipbuilder.

Robb Caledon, which employs 2,000 workers at Dundee and Leith also has a small berth available, as does Vosper Thornycroft at Southampton.

Britain's largest shipbuilder, Swan Hunter, which has suffered heavily from the cancellation of Maritime Fruit Carriers' orders, starts to run out of work at its Haverton Hill yard in October and without fresh orders will have 10 berths available by the end of next year.

The Government table has been sent out by the General Council of British Shipbuilders, which reveals in an accompanying letter that it reluctantly accepts it may be necessary for British Shipbuilders to go into the shipbuilding business to provide continuity of work for certain yards.

However, Mr. John Wood, the Council's director general, makes it clear that the shipping industry would oppose the nationalisation of shipbuilding, moving into order recently taken from ship operation. Talks are still going on with the Government and the company is clearly going to have to keep all of its 8,200-strong workforce occupied on the Lower Clyde.

## Greek-Turkey tension mounts over Aegean

BY OUR CORRESPONDENTS IN ANKARA AND ATHENS

THE SIMMERING conflict between Turkey and Greece over the Aegean Sea has been threatened to boil over yesterday, with Turkish refusal to withdraw an oil exploration vessel from the area claimed by the Greeks, and a Greek decision to request an emergency meeting of the UN Security Council.

While Greek Opposition leaders urged the Athens Government to take a tougher stand against alleged Turkish violations of the Greek continental shelf, even advocating the use of force, Mr. Suleyman Demirel, the Turkish Premier, gave a clear hint that the dispute could lead to military action.

The dispute has blown up since the Greeks discovered off the island of Thasos in 1973. Mr. Demirel was unequivocal in his rejection of a second Greek protest over the seismic soundings being carried out in the Aegean by the Turkish research vessel Sismik 1, last reported near the island of Lemnos.

"Whatever anybody does we shall go ahead with our programme," he told reporters in Istanbul. "Greece has no right to say anything. The Aegean is not a lake belonging to the Greeks. Therefore, it is well within our rights to conduct research in the Aegean Sea."

The Greek protest notes were delivered on Saturday afternoon. They protested that the vessel was conducting seismic studies on the Greek Continental Shelf, violating Greek sovereignty, according to various sources. The notes also warned that Greece would adopt measures

to safeguard its sovereign rights, the Turkish sources said. Turkey rejected both protests, and urged the Greek Government not to interfere in the activities of Sismik 1.

Both Turkey and Greece have ordered increased military readiness. The Turkish Aegean Army and units in Thrace, where Turkey and Greece have a 130-mile long common frontier, have been put on a "state of vigilance". The Aegean army is not under the Nato command, as are the other three Turkish armies.

Following these developments, diplomatic observers in Ankara are losing confidence in their earlier insistence that a military confrontation was unlikely.

The two countries have already held two rounds of talks without apparent progress. It is unlikely now that a third round of talks will be held in present circumstances.

In Athens, Greek Government sources suggest that Mr. Demirel was seeking internal political kudos from the confrontation, especially after the warm reception given to his predecessor, Mr. Bulent Ecevit, on his recent visit to Washington.

The decision to go to the UN was taken at a meeting of the Greek inner Cabinet, presided over by Prime Minister Constantinos Karamanlis. The Government still prefers to have the international court at The Hague delimitate the continental shelf in contested areas of the Aegean.

## Further growth seen in Japanese economy

BY REGINALD DALE

A CONTINUED upswing in the Japanese economy over the next 12 months is forecast by the Paris-based Organisation for Economic Co-operation and Development in its latest annual report on the country, published today.

The Organisation warns that uncertainties are inevitable in its projections and that a new burst of inflation cannot be ruled out.

The growth of real Japanese GNP may reach an annual rate of about 7 per cent. in the first half of next year, and the rise in consumer prices an annual rate of 9 per cent.

The current account surplus, which was running at a seasonally adjusted annual rate of about \$5.4bn. in the first five months of this year, is expected to be progressively reduced, declining to perhaps \$1.25bn. over the 12 months to mid-1977.

Underlining one major source of uncertainty, the OECD report says the sharp upturn of activity early this year was partly due to a very strong rise in exports, which are expected to slow down considerably in coming months. It is a matter of some doubt whether domestic demand will replace exports sufficiently early as a source of buoyancy, it warns.

On the other hand, stronger development cannot be ruled out — for example a more prolonged export boom than forecast, which could influence business investment in equipment and stocks, or some appreciable

decline in the household saving rate.

The second important uncertainty concerns prices. "The rise of industrial wholesale prices has been pronounced in recent months and import prices could rise significantly, depending on the trend of world market prices and on the technical assumption of an unchanged effective exchange rate."

Unemployment may edge down only slowly, from 1.9 per cent. seasonally adjusted, in the first quarter of 1976 to around 1.6 per cent. by mid-1977. In spite of some absorption of economic slack, the margin of unused resources is expected to remain substantial.

The projection implies a trend rate of growth of only 4.8 per cent. from 1973 to 1980 and is based on the assumption of a slow expansion of world trade.

But the plan explicitly forecasts a higher than average rate of expansion during the first part of the five-year period.

Editorial comment Page 12

## THE LEX COLUMN

# CU's period of convalescence

Commercial Union's objective for 1976 is to cover its dividend (costing £21.3m.) and have something left over for reserves. With attributable profits of £25.5m. under its belt after six months, this target ought to be well within reach. However the figures do not give the clear message of recovery which has been coming from the U.S. majors — some of which were back into the black on underwriting during the second quarter — and after rallying with the sector last week, the shares slipped 4p to 122p on the news.

Thus its underwriting losses for the half year total £30.8m., which compares with £18.4m. in the first quarter and a figure of £23.3m. published a year ago. But the pattern is seriously distorted by the weakness of sterling, which more than explains the deterioration compared with 1975.

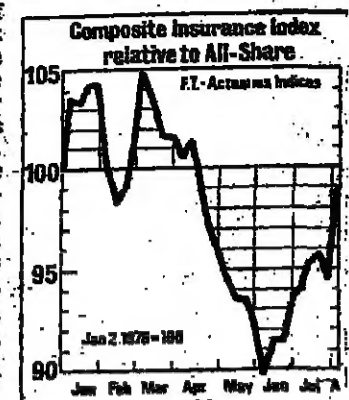
The U.S. operating ratio has improved from 110 per cent. in the first quarter to 108.4 in the second, and CU says that it is getting towards breakeven on its ongoing business, where its loss ratio is down to about 70 per cent. of premiums compared with 100 per cent. on the large chunk of its business which is currently being cancelled. The half-year losses include £4m. or £5m. relating to business which is currently being run down, and a further £3m. has been charged to the £15m. provision which was set up against the cancellations at the end of 1975.

Adjusted for these items, the statutory underwriting loss of £41m. in the U.S. during the half-year looks rather less threatening, and although CU is still very cautious about the underlying trend, it seems confident that its North American operations are now under control.

But there is a new worry. After years of being the most profitable U.K. underwriter (only two small losses in the past decade) the group has moved into losses on its domestic account during the second quarter. It blames public and employers' liability lines and a Euro-currency overdraft, now paid off, together with commercial and motor business, and hopes that the problems will respond reasonably quickly to rate adjustments.

Over the rest of the year, CU's investment income should start to accelerate — as the impact on cash flow of last year's losses gradually recedes — and its overall underwriting policy, representing around 75 per cent. of the total. As known, performance certainly ought to

Index fell 3.4 to 369.9



look better. But it is probably the least likely of the companies to raise its dividend this year (prospective cover for last year's payment may be 1.1 times or less). And with a solvency margin of 35 or 39 per cent., the balance-sheet constraints are as pressing as ever. That is why the yield of 8.8 per cent. is a couple of points higher than the sector average. See also Page 15

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## June consumer spending low again, retail figures show

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FURTHER EVIDENCE of the flat and slightly depressed level of consumer spending is provided by the retail sales and hire-purchase figures for June, published yesterday.

This is underlined by the revision downwards of the seasonally-adjusted index of retail sales in June to 106.1 (1971=100) from the provisional estimate of 107. Although the revised figure is still higher than in May, a better guide to the dull underlying trend is given by taking an average of the April and May figures, 107.1, to iron out the distorting effect of the Budget.

Overall, volume of retail sales fell by half a per cent. between the first and second quarter, with the decline concentrated in clothing and footwear shops and "other non-food" outlets, including department stores and mail-order businesses.

For the first half of 1976 as a whole, the sales index was 1.9 per cent. higher than in the second half of 1975, but the recovery is still very modest, since the index was higher than now for the whole of the period from mid-1972 to mid-1975.

The official expectation that the level of consumer spending (of which retail sales are about half) will be similar between the first and second halves of the year will clearly depend on the stimulus to sales expected in the next few weeks

by more than £200m. of income tax rebates and the related implementation of the main tax changes announced in the Budget.

The Retail Consortium believes that the rebates and other factors, such as the pension increases in the late autumn, will provide only short-term boosts and that there will be no sustained recovery in retail sales in the next year.

Some commentators have said that a continued dull level of

domestic demand could put a brake on the rate of overall economic recovery, even though the main advance has, and is expected to come from exports, stockbuilding and, later, investment.

The picture of a flat sales trend in the last two months brought out by the hire-purchase figures which show that advances of new instalment credit in June by finance houses and retailers of £231m. were about the same as in April and May.

HP CREDIT AND RETAIL SALES.

Seasonally adjusted

New credit extended by Finance Houses

Retailers

Total debt outstanding (unadjusted)

Retail volume (revised)

Durable goods shops

Total (1971=100)

1975

1st

2nd

3rd

4th

1976

1st

2nd

3rd

4th

1976

Jan.

Feb.

March

April

May

June

Source: Department of Industry.

## Plan for 10% benefit cut at London Indemnity

BY ERIC SHORT

THE 54,000 policyholders in London Indemnity and General Insurance, the life company subsidiary of failed Jessel Securities, are being asked to accept a 10 per cent. reduction in benefits as the price of being rescued by a consortium of 44 insurance companies.

Unsecured creditors are offered 70p in the pound and shareholders £10 each under the terms contained in a Scheme of Arrangement sent yesterday to policyholders.

The document reveals that the liabilities of London Indemnity amount to £94.5m., of which £68.2m. is in income and growth bonds and £14.5m. in annuities. The present value of the assets is about 70 per cent. of this figure.

At present the value of the investment of the company in its parent Jessel Securities — nominally just under £10m. — is written down to one-quarter. Bondholders under the scheme will also lose their guaranteed value on early cash-in. In future all surrendered values will be calculated on an actuarial basis.

For a period of two months after acceptance of the scheme, however, policyholders will be paid a winding-up value of 70p in the pound if this is higher than the calculated value.

The Policyholders' Protection Act, which guarantees 90 per cent. of benefits on liquidation, does not apply to London Indemnity. Details Page 14

Continued from Page 1

## Iran deal with BAC and Shell

at least two years. Until delivery, the crude purchases will be placed in an interest-bearing account controlled by Iran.

The General did not comment on reports that Iran was seeking a stake of up to 25 per cent. in the two oil independent companies. Ray Daffer, Energy Correspondent, writes: Although the British Government does not go out of its way to encourage barters deals it favours the proposed arrangement as a stimulus to British industry.

Earlier this year a trade mission, led by CBMPE, the trade association of British petroleum equipment suppliers, visited Iran. The 21-member team considered that the export mission had opened up a vast potential of orders.

Neither the Department of Trade nor Shell would comment on the possible deal last night. Nevertheless, the arrangement was in line with Iranian trading pacts now being considered by other countries.

Studying France has been studying a proposal whereby Iran would directly sell its crude in return for deliveries of industrial equipment. This scheme is analogous to one involving the U.S. Several American companies have been holding talks with Iran about the possibility of bartering millions of pounds worth of oil for sophisticated military aircraft.

The arrangements partly reflect recent difficulties encountered by Iran in selling its oil on world markets, particularly its heavy crude. Demand is now picking up, however. For the first time in almost two years Iran's oil production exceeded 6m. b/d in June. Total production averaged 6.0m. b/d with exports at 5.8m. b/d.

## Weather

U.K. TO-DAY

MAINLY DRY with bright intervals. Cloudier with some drizzle in N.W. Scotland. London, S.E. E. Cent. N.W. England, E. Anglia, E. Midlands, Channel Is. N. Wales, Lakes, L. of Man, S.W. Scotland.

Mostly dry; some sunny spells. Max. 23C (73F).

N.E. N.W. Scotland, Orkney, Shetland, N.W. Scotland, Orkney, Shetland.

Lighting-up: London 21.03, Manchester 21.18, Glasgow 21.35, Belfast 21.37.

HOLIDAY RESORTS

Algarve S 21 31 Jersey 19 68

Alps S 21 31 Las Palmas 19 68

Antarctica S 21 31 Madeira 19 68

Arctic S 21 31 Malaga 19 68

Asia S 21 31 Marbella 19 68

Australia S 21 31 Miami 19 68

Bahamas S 21 31 Mexico 19 68

Baltic S 21 31 Monaco 19 68

Baltic S 21 31 Moscow 19 68

Baltic S 21 31 New York 19 68

Baltic S 21 31 Paris 19 68

Baltic S 21 31 Rome 19 68

Baltic S 21 31 San Francisco 19 68

Baltic S 21 31 Singapore 19 68

Baltic S 21 31 Stockholm 19 68

Baltic S 21 31 Sydney 19 68

Baltic S 21 31 Taipei 19 68

Baltic S 21 31 Tokyo 19 68

Baltic S 21 31 Vancouver 19 68

Baltic S 21 31 Warsaw 19 68

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